

## FRANCHISE DISCLOSURE DOCUMENT



KILLER BURGER FRANCHISING, INC.  
an Oregon corporation  
11010 SE Division Street, Suite 101  
Portland, Oregon 97266  
503-954-3100  
franchise@killerburger.com  
www.killerburger.com

The franchise described in this disclosure document is for a fast-casual hamburger restaurant business utilizing the “Killer Burger” concept and our business operating system to provide gourmet hamburgers with associated side dishes, beer and wine in a relaxing restaurant atmosphere for lunch and dinner.

The total investment necessary to begin operation of a Killer Burger restaurant ranges from ~~\$400,500~~461,500 to ~~\$739,000~~849,000. This includes \$40,000 that must be paid to us.

If you purchase area development rights, the total investment necessary to begin operation of a Killer Burger restaurant ranges from ~~\$410,500~~471,500 to ~~\$829,000~~939,000. This includes \$50,000 to \$130,000 that must be paid to us. This estimate assumes you commit to develop 2 restaurants for the low estimate (which is the minimum number of restaurants required under an ADA) and 10 restaurants for the high estimate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Note, however, that no governmental agency has verified the information contained in this document.

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Iannis (John) Dikos at 11010 SE Division Street, Suite 101, Portland, Oregon 97266 or 503-954-3100.

The terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: ~~August 7~~June 17, 2023~~2024~~.

## How to Use this Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit “H”.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit “E” includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Killer Burger business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a Killer Burger franchisee?</b>	Item 20 or Exhibit “E” and Exhibit “F” lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising *Generally*

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit “D”.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Oregon. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Oregon than in your own state.
2. **Personal Guaranty.** Franchisees and all owners and spouses must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and spouse's marital and personal assets at risk if your franchise fails.
3. **Minimum Performance Requirements.** If you sign an area development, your failure to meet the mutually agreed upon development schedule may result in termination of the area development agreement and loss of your rights to develop additional Killer Burger restaurants.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

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**EXHIBITS**

- A. Franchise Agreement
- B. Toast Software Agreement
- C. Table of Contents of Confidential Operations Manual
- D. List of State Administrators and Agents for Service of Process
- E. Financial Statements
- F. General Release
- G. State Specific Addenda
- H. List of Current Franchisees
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- J. Area Development Agreement
- K. State Effective Dates
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## **ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

The Franchisor is Killer Burger Franchising, Inc., referred to in this Disclosure Document as “we,” “us” or “our.” We refer to the person interested in buying a franchise as “you” or “your”. If you are a corporation, partnership, limited liability company, or other entity, certain provisions of the Franchise Agreement will apply to your owners. These will be addressed in this Disclosure Document where appropriate.

### **The Franchisor**

Killer Burger Franchising, Inc. was formed in the State of Oregon on November 29, 2016. Our principal business address is 11010 SE Division Street, Suite 101, Portland, Oregon 97266. We do business under the name “Killer Burger.” Our registered agents for service of process are listed in Exhibit D to this Disclosure Document. This entity owns the intellectual property of the System and licenses that intellectual property to our franchisees.

We sell franchises for the establishment and operation of fast-casual restaurants that offer specialty hamburgers and fries. We also sell a variety of craft beer, and in some locations offer a full bar, in a relaxing environment for lunch and dinner dining (each a “Killer Burger Restaurant”). The Killer Burger Restaurants do business under the trade name and trademark “Killer Burger.”

We began offering franchises in April 2017. We have never offered franchises in any other line of business and we engage in no business activities other than offering Killer Burger franchises and administering the franchise system. We have never owned or operated any Killer Burger Restaurants. However, our parent company, Killer Burger, LLC (“KB”), successor-in-interest to Killer Burger, Inc., currently owns and operates ~~12~~10 “company-owned” Killer Burger Restaurants, including ~~10~~8 traditional stores and 2 non-traditional locations inside stadiums (MODA Center and Providence Park), each of which is located in or near Portland, Oregon, with the first opening in 2010.

### **Parents, Affiliates and Predecessors**

Our parent company is Killer Burger, LLC. Killer Burger, LLC’s principal place of business is 11010 SE Division Street, Suite 101, Portland, OR 97266. We do not have any predecessors. We do not have any affiliates that: (i) have offered franchises in this or any other line of business; or (ii) provide any goods or services to our franchisees.

### **Killer Burger Franchise**

Killer Burger Restaurants are fast-casual restaurants that offer specialty hamburgers and fries and sell a variety of craft beer (some locations offer a full bar) in a relaxing environment for lunch and dinner dining. Killer Burger Restaurants feature premium burgers of unparalleled quality and flavor. Killer Burger Restaurants can range anywhere from 1,500 to 3,000 square feet in size, but we anticipate most Killer Burger Restaurants will contain between ~~2,400~~2,600 and 2,800 square feet.

Killer Burger Restaurants operate in compliance with our business operating system according to our standards, specifications, operating procedures and rules (the “System”) under the trade name and service mark “Killer Burger” and the other trade names, service marks, trademarks, logos, emblems and other indicia of origin that we designate in writing for use by Killer Burger Restaurants operating under the System (collectively, the “Marks”).

The System includes our methods and procedures for the establishment, management and operation of Killer Burger Restaurants, including our confidential information, our manuals, the Marks, and other

business standards, specifications and policies. The distinguishing characteristics of the System include distinctive exterior and interior design, décor, and color scheme; furnishings; a specialized menu, streamlined food ingredients, innovative food production and staff utilization techniques; uniform standards, specifications, policies and procedures for operations; quality and uniformity of the products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs, all of which we may change, improve, further develop or otherwise modify from time to time. We may periodically make changes to the System, including changes to the dining menu, standards, facility, signage, [graphics](#), equipment and fixture requirements.

We offer franchises to qualified applicants for the development and operation of Killer Burger Restaurants. Our current form of Franchise Agreement is attached to this Disclosure Document as Exhibit A (the “Franchise Agreement”). Each Franchise Agreement grants the right to establish and operate one Killer Burger Restaurant at a specified location within a Protected Area. Under our Franchise Agreement, we will grant you the right and obligation to develop and operate one Killer Burger Restaurant. You must establish and operate your Restaurant in strict compliance with all of our specifications, standards, policies and procedures set forth in our confidential Operations Manual (or as otherwise communicated to you). You will operate your Restaurant as an independent business using the Marks, the System, as well as the support, guidance and other methods and materials that we make available to you.

### **Area Development Rights**

If you satisfy all of our criteria for multi-unit developers, we may (but need not) offer you the right to enter into an Area Development Agreement (an “ADA”). The ADA grants you the right and obligation to establish and operate multiple Killer Burger Restaurants within a defined “Development Area” according to a predetermined development schedule. You must open and operate each of the Killer Burger Restaurants identified in the development schedule. A copy of our current form of ADA is attached to this Disclosure Document as Exhibit J. You will sign a separate franchise agreement for each Killer Burger Restaurant franchise that you establish under the ADA. Each franchise agreement will be our then-current form of franchise agreement, which may differ from the current Franchise Agreement attached to this Disclosure Document. You must sign the Franchise Agreement for your first Restaurant at the same time you sign the ADA. You must sign the franchise agreement for each subsequent Restaurant no later than 90 days prior to the target opening date of the applicable Restaurant.

### **General Market and Competition**

Killer Burger Restaurants cater primarily to men and women in the 25 to 55 age range. The market for specialty hamburgers is still developing and is becoming increasingly competitive. Restaurants offering better burgers generally compete on the basis of factors such as price, quality and variety of toppings, side dishes, restaurant appearance and restaurant location. Killer Burger Restaurants also seek to differentiate themselves from their competitors by offering a limited menu of high-quality products using fresh, non-frozen beef. You must expect to compete with businesses specializing in gourmet burgers as well as other restaurants that offer burgers as one component of a larger menu. Additionally, you may find that there is competition for attractive commercial real estate sites suitable for restaurant locations and competition for employees and management personnel. Fast-casual dining may be affected by other factors, such as changes in consumer taste, economic conditions, population, and travel patterns.

### **Industry-Specific Regulations**

You must comply with all local, state, and federal laws that apply to your Restaurant operations including health, sanitation, smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws. The Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people and may affect your building construction, site design, entrance ramps, doors, seating, bathrooms,

drinking facilities, etc. You must also obtain real estate permits, licenses, and operational licenses for your business and your employees. For liability purposes, you must clarify in training with your staff and in marketing to your customers that they are employed by or doing business with you and not with us.

The US Food and Drug Administration, the US Department of Agriculture and state and local health departments administer and enforce regulations that govern food preparation and service and restaurant sanitary conditions. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations.

A number of states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Killer Burger Restaurant, including those which (1) establish licensing and certification requirements for businesses in general, (2) establish general standards, specifications and requirements for the construction, design and maintenance of the restaurant location; (3) establish licensing requirements for the sale of alcoholic beverages and impose potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol, (4) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirement for restaurants; (5) set standards pertaining to employee health and safety, (6) set standards and requirements for fire safety and general emergency preparedness, (7) require different minimum wage and paid leave benefits and (8) regulate the proper use, storage and disposal of waste and other hazardous materials. You are solely responsible for investigating the license/permit requirements in your state.

You must comply with all payment card infrastructure (“PCI”) industry and government security standards and requirements designed to protect cardholder data. PCI standards apply to both technical and operational aspects of credit card and other payment card transactions and apply to all organizations which store, process or transmit cardholder data.

We recommend that you consult with legal counsel or other professional advisors to help you investigate and understand these laws before you purchase a franchise.

## **ITEM 2: BUSINESS EXPERIENCE**

### **Founder: Thomas J. Southard**

Thomas J. Southard is our Founder and has served on the Board of Directors since December 2010 when he developed and launched the Killer Burger concept in Portland, Oregon. He was our Chief Executive Officer from December 2010 until January 2022 in Portland, Oregon.

### **President and Chief Executive Officer: Iannis (John) Dikos**

Iannis (John) Dikos has been our President and Chief Development Officer since he joined us in July 2021, and has served as our Chief Executive Officer since January 2022, all in Portland, Oregon. John was Chief Franchise and Licensing Officer of Earl Enterprises in Orlando, Florida, from November 2019 to July 2021, and was Senior Vice President of Partnerships for MOD Pizza in Bellevue, Washington, from September 2013 to November 2019.

### **Chief Financial Officer: Adam Sanders**

Adam Sanders has been our Chief Financial Officer since April 2023 in Portland, Oregon. Previously, he was our Vice President of Finance & Strategy from November 2021 to April 2023 in Portland, Oregon. Before joining Killer Burger, Adam worked at AB InBev in Portland, Oregon, as Director eCommerce from March 2021 to November 2021, and as Integration Director from October 2020 to March 2021.

From February 2016 to October 2020, Adam was Director of Strategic Finance for Craft Brew Alliance in Portland, Oregon.

**Senior Director of Operations ~~Excellence and Operations Services~~: Zachary Glesmann**

Zachary Glesmann has served as our Senior Director of Operations since January 2024 in Portland, Oregon. Previously, he was our Director of Operations Excellence and Operations Services ~~since~~ from April 2023 to January 2024 in Portland, Oregon. ~~Previously, he was~~ and our Senior Manager of Training and Operations Excellence from January 2022 to April 2023 in Portland, Oregon. He was our Training and Development Manager from March 2019 to January 2022 ~~and our Franchise Business Consultant from May 2017 to March 2019, all in Portland, Oregon.~~

**Senior Director of Marketing: Yolanda (Lani) Farnworth**

Lani Farnworth has been our Senior Director of Marketing since April 2023 in Portland, Oregon. Previously, she was our Director of Marketing from September 2021 to April 2023 in Portland, Oregon. From March 2020 to August 2021, she was in Marketing with GroundWorks in Portland, Oregon; and from April 2019 to February 2020, Lani was in Marketing with Garden Bar ~~in Portland, Oregon; and from January 2014 to March 2020, she was self-employed in Marketing~~ in Portland, Oregon.

**Director of Supply Chain: Nicole Simpson**

Nicole Simpson has been our Director of Supply Chain since December 2022 in Portland, Oregon. Before joining Killer Burger, she was the Supply Chain Manager of Miller’s Ale House in Orlando, Florida, from April 2022 to December 2022, and the Purchasing Manager of Shari’s Management Corporation in Beaverton, Oregon, from January 2018 to March 2022.

**Operations ~~Training~~ Performance Manager: Katie Ohlsen**

Katie Ohlsen has been our Operations ~~Training~~ Performance Manager since ~~June 2022~~ January 2024 in Portland, Oregon. Previously, she was our Operations Training Manager from June 2022 to January 2024 in Portland, Oregon, our New Store Training Manager in Portland, Oregon, from June 2021 to June 2022, a General Manager of a Restaurant in Eugene, Oregon, from May 2020 to June 2021, and our Training Coordinator in Eugene, Oregon, from February 2016 to May 2020.

**ITEM 3: LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4: BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

**ITEM 5: INITIAL FEES**

**Initial Franchise Fee**

Upon signing the Franchise Agreement, you must pay us an initial franchise fee in the amount of \$40,000 (the “Initial Franchise Fee”). If you have signed a new or existing ADA that covers this Franchise Agreement, you must pay the Initial Franchise Fee (less the applicable portion of the development fee under the ADA that we apply towards that Initial Franchise Fee), when you sign the Franchise Agreement. The Initial Franchise Fee is payable in one lump sum payment, is considered fully earned and nonrefundable upon receipt, and is imposed uniformly on all franchisees.

## **Development Fee**

If you are offered and sign an ADA to develop a mutually agreed number of Restaurants, you will pay an Initial Franchise Fee for your first Franchise Agreement (\$40,000), and a development fee equal to \$10,000 multiplied by the number of Restaurants (excluding the first Restaurant) to be developed under the ADA (the “Development Fee”). You will pay the Development Fee in full when you sign the ADA. We will credit a portion of the Development Fee against the Initial Franchise Fee (\$10,000 for the second and each subsequent franchise agreement) until the Development Fee is exhausted. The Development Fee is fully earned by us upon execution of the ADA by you as consideration for the exclusive rights you receive for the Development Area and is not refundable under any circumstances, even if you fail to develop any Restaurants under your ADA.

You will sign a separate Franchise Agreement, in the then-current form being offered by us, for each Restaurant you develop under the ADA. At the time you sign each subsequent Franchise Agreement, you will pay the then-current Initial Franchise Fee, less the applicable portion of the Development Fee under the ADA that we apply towards that Initial Franchise Fee.

## **ITEM 6: OTHER FEES**

Fees <sup>(1)</sup>	Amount	Due Date	Remarks
Royalty Fee	5% of Gross Sales <sup>(2)</sup>	1st and 16th day of each month	Royalties based on Gross Sales generated from the 1st to 15th of each month are due on the 16th day of that month. Royalties based on Gross Sales generated from the 16th through the end of the month are due on the 1 <sup>st</sup> day of the following month.
Franchisee Brand Fund	Up to 2% of Gross Sales (currently 1% of Gross Sales) <sup>(2)</sup>	Same as royalty fee	See Note 3.
Franchisee Local Advertising and Cooperatives	Greater of (i) up to \$1,000 per month (currently \$500 per month) or (ii) 3% of Gross Sales (currently 1% of Gross Sales) <sup>(2)</sup>	Payments for local advertising are due when billed by the local advertiser	See Note 4.
Initial or Additional Corporate Training	At our option, a per diem rate of \$300 per day for each trainer, based on our costs of providing additional training. \$500 per day for every fourth and each subsequent attendee for initial training.	Before additional training	You must complete all training programs that we require. You must also pay the expenses of your personnel attending training.
Remedial Training	The then-current per diem fee for remedial training, plus our costs. Our current per diem rate is \$300 per trainer per day	When billed	If you ask or if we believe it is appropriate, we will (subject to availability) provide trained representatives to conduct on-site remedial training at your Killer Burger Restaurant.

Fees <sup>(1)</sup>	Amount	Due Date	Remarks
Transfer Fee	Lesser of (i) 25% of our then-current initial franchise fee or (ii) \$10,000 (except in some cases transfer fee is limited to our out-of-pocket costs and expenses – see Remarks column)	At time of transfer	You must pay us a transfer fee equal to 25% of our then-current initial franchise fee upon transfer, except that if you are an individual transferring your rights and obligations to an entity owned by you in accordance with Section XV.C. of the Franchise Agreement, the transfer fee shall be an amount equal to the out-of-pocket costs and expenses incurred by us in connection with such transfer (including legal and accounting fees).
Renewal Fee	Lesser of (i) 25% of our then-current initial franchise fee or (ii) \$10,000	At time of renewal	In order to renew your franchise agreement you must, among other things, pay us the renewal fee in a lump sum payment.
Securities Offering Fee	An amount equal to our reasonable costs and expenses associated with the proposed securities offering, but in no event more than \$10,000.	When billed	You must pay this fee to us if you elect to offer securities in your entity using a prospectus or other offering document/materials, which must be approved by us in advance of its distribution. This fee covers our expenses for having attorneys or other professionals review your offering materials. We limit our review to the manner in which the offering materials describe your and our relationship.
Operations Manual Replacement Fee	\$1,500	When billed	We loan you 1 electronic set of the Operations Manual, with subsequent updates and changes, at no charge.
Franchisee Monthly Software, Technology Licensing and Support fees	\$150 per month from the date you begin using the POS system of your Killer Burger Restaurant (these fees are per franchised location)	Due on the 1st day of each month	Monthly software, technology licensing and support fees will be payable for each Franchise Agreement you sign and begin immediately upon the commencement of your operation of your POS system. If deemed necessary by us for any reason, we may increase these monthly fees upon 30 days' prior notice.
Insurance Fee	A reasonable amount based on our expenses	On demand	If you fail to maintain the required insurance, we may (but need not) obtain it for you. If we do, we will charge you a fee, plus our expenses.
Inspection and Testing	Cost of inspection, if applicable, and cost of test	When billed	Before approving a supplier, we may require you to pay the cost of testing the supplier's products and inspecting its facilities (including our administrative expenses).
Indemnification	Varies according to loss	On demand	You must indemnify us when certain of your actions result in loss to us.
Interest	Lesser of 18% per year or the maximum lawful	On demand	We may charge interest on all overdue amounts.

Fees <sup>(1)</sup>	Amount	Due Date	Remarks
	rate		
Late Fee	\$100 for each month that an amount owed to us remains past due	On demand	We may charge a late fee for any delinquent amounts due under the Franchise Agreement.
Audit Fee	Cost of audit	When billed	Payable if an examination or audit shows you have understated any amount owed to us by 2% or more.
Enforcement Costs	Will vary	As incurred	You must pay our costs of enforcement (including attorney's fees and costs) if you do not comply with the Franchise Agreement.

Notes:

(1) All fees and expenses described above are non-refundable and, unless otherwise indicated, are imposed uniformly by, and are payable to, us. Unless we have noted differently, we may increase these amounts based on changes in market conditions, our cost of providing services and future policy changes, but we have no present plans to increase any fees. We require you to pay our fees by electronic funds transfer.

(2) "Gross Sales" is the total selling price of all products and services and all income of every other kind and nature related to the Killer Burger Restaurant, whether for cash or credit and regardless of collection in the case of credit. "Gross Sales" includes: (a) All proceeds from the sale of coupons, gift cards/certificates or vouchers; but when the coupons, gift cards/certificates or vouchers are redeemed, you are not required to count the retail value of the products and services provided upon redemption in determining Gross Sales for royalty purposes or for other fees calculated in respect of Gross Sales (If you do not record and report sales proceeds for royalty purposes when the coupon, gift card/certificate or voucher is sold, or if coupons, gift cards/certificates or vouchers are distributed free of charge, you will be required to pay royalties based on the retail value of the products and services provided in exchange for the coupon, gift card/certificate or voucher.); and (b) Your share of revenues from any vending machines or other equipment, machines or devices installed in the Killer Burger Restaurant. "Gross Sales" does not include (i) sales taxes you collect from customers of the Killer Burger Restaurant, if the taxes are actually transmitted in a timely manner to the appropriate taxing authority; (ii) tips or gratuities paid directly to your employees by customers of the Killer Burger Restaurant or paid to you and turned over by you to your employees in lieu of direct tips or gratuities; (iii) returns to vendors or manufacturers; and (iv) proceeds from isolated sales of trade fixtures not constituting any part of the products and services offered for sale at the Killer Burger Restaurant or having any material effect upon the ongoing operation of the Killer Burger Restaurant.

(3) We have established and administer a Brand Fund to promote public awareness of our brand and engage in various marketing and brand-building activities. You will have no voting rights pertaining to the administration of the Brand Fund, the creation and placement of the marketing materials or the amount of the required contribution. We may increase the required contribution amount on not less than 30 days' written notice to you (up to a maximum of 2% of Gross Sales).

(4) In addition to your required contribution to the Brand Fund, you must spend the minimum amount we require on local marketing. Our current required minimum expenditure on local advertising is the greater of (i) \$500 per month or (ii) 1% of Gross Sales generated during the month. We may increase the amount you must spend on local marketing on not less than 30 days' written notice to you, but the maximum amount will not exceed 2% of Gross Sales. We have the right to designate any geographic area in which 2 or more company-owned or franchised Killer Burger Restaurants are located as a region for

purposes of establishing an advertising cooperative (“Cooperative”). If we establish a Cooperative that includes your Killer Burger Restaurant, you will be required to contribute a monthly sum of the greater of \$500 or 1% of your Gross Sales to the Cooperative, but any amounts you contribute to your Cooperative will be applied to satisfy a portion of your local advertising requirements. Your required contributions to a Cooperative will not exceed your individual local advertising requirements. All or a portion of your contributions to a Cooperative may be used to establish and/or maintain a website(s) focused on promoting the System in and around your market area (any website you establish is subject to our approval and must comply with all of our standards, specifications and other requirements). We may increase the required contribution to the Cooperative on not less than 30 days’ written notice to you (up to a maximum of 2% of Gross Sales).

*[Remainder of Page Intentionally Left Blank]*

**ITEM 7: ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

TYPE OF EXPENDITURE	AMOUNT (LOW)	AMOUNT (HIGH)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee <sup>1</sup>	\$40,000	\$40,000	Lump sum	When you sign Franchise Agreement	Us
Lease Expenses <sup>2</sup>	\$8,000	\$20,000	As stated in lease	As incurred	Landlord
Leasehold Improvements <sup>2 and 3</sup>	\$150,000	\$350,000	As arranged	As incurred	Contractors and subcontractors
Furniture, Fixtures, and Equipment <sup>4</sup>	<del>\$100,000</del> <u>\$150,000</u>	<del>\$150,000</del> <u>\$250,000</u>	As arranged	As incurred	Our Approved Suppliers
Computer Hardware and Software <sup>5</sup>	<del>\$4,000</del> <u>\$10,000</u>	<del>\$5,000</del> <u>\$15,000</u>	As arranged	As incurred	Approved Suppliers
Initial Training Costs (per person) <sup>6</sup>	\$2,000	\$3,000	As Arranged	Before opening	Costs of travel, lodging and meals
Security Deposits <sup>7</sup>	\$2,000	\$10,000	As arranged	As incurred	Third-Party suppliers
Architect, Plans and Designs (including Site Plan/Design Fee) <sup>8</sup>	\$25,000	\$30,000	As arranged	As incurred	Architects, Designers or Engineers
Signage <u>and Graphics</u> <sup>9</sup>	<del>\$20,000</del> <u>\$25,000</u>	\$30,000	As arranged	As incurred	Approved Suppliers
Initial Inventory/Supplies <sup>10</sup>	\$10,000	\$20,000	As arranged	As incurred (prior to opening)	Our Approved Suppliers
Grand Opening Marketing <sup>11</sup>	\$10,000	\$15,000	As incurred	10 days prior through 80 days after opening	Advertisers and other vendors
Business Supplies	\$500	\$1,000	As arranged	As incurred	Approved Suppliers

TYPE OF EXPENDITURE	AMOUNT (LOW)	AMOUNT (HIGH)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Business Permits & Licenses (first year)	\$1,000	\$3,000	As required by government authorities	As required by government authorities	Applicable government authorities
Insurance Deposits and Premiums (first year)	\$3,000	\$5,000	As required by insurance carrier	Before opening	Insurance carriers
Professional fees (first year) <sup>12</sup>	\$5,000	\$7,000	As arranged	As arranged	Attorneys, accountants or other professionals
Additional Funds <sup>13</sup> (three months)	\$20,000	\$50,000	As arranged	As arranged	Third parties
<b>TOTAL<sup>12</sup></b>	<del>\$400,500</del> <u>\$461,500</u>	<del>\$739,000</del> <u>\$849,000</u>			

AREA DEVELOPMENT (ASSUMES COMMITMENT FROM 2 TO 10 RESTAURANTS UNDER ADA)					
TYPE OF EXPENDITURE	AMOUNT (LOW)	AMOUNT (HIGH)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee <sup>14</sup>	\$50,000	\$130,000	Lump sum	When you sign ADA	Us
Initial Investment to Open Initial Restaurant	<del>\$360,500</del> <u>\$421,500</u>	<del>\$699,000</del> <u>\$809,000</u>	Calculated by taking the total estimated initial investment in the table above for a single unit purchase and subtracting the initial franchise fee.		
<b>TOTAL</b>	<del>\$410,500</del> <u>\$471,500</u>	<del>\$829,000</del> <u>\$939,000</u>			

**Notes:**

Note 1. The Initial Franchise Fee is \$40,000 for one franchise.

Note 2. These estimates are based on our affiliate's experience in establishing and operating company-owned Killer Burger Restaurants in Oregon. Killer Burger Restaurants are typically located in commercially zoned shopping or entertainment areas. Most initial leases require payment of the first and last months' rent upon execution of the lease. Due to the cost of land acquisition and new construction, we anticipate that the premises for Killer Burger Restaurants will be leased. These amounts assume that you will lease the premises for the Killer Burger Restaurants and do not include costs of land acquisition and construction of a building. The leasehold improvements estimate is based on the cost of adapting our prototypical architectural and design plans to a facility containing approximately ~~2,400~~2,600 to 2,800 square feet. Killer Burger Restaurants can range anywhere from 1,500 to 3,000 square feet but we anticipate that most Killer Burger Restaurants will contain between ~~2,400~~2,600 and 2,800 square feet. The leasehold improvement ranges will be affected by various factors like the location of the Killer Burger Restaurant and local market conditions. The estimates assume that the landlord will provide connections to adequate electrical, gas, water and sewage service. Your actual costs may or may not include site preparation and finish-out costs, depending on the arrangements you negotiate with your landlord. If your landlord contributes to the cost of finish-out, total leasehold improvement costs could be reduced. These costs are our best estimate based on commercial leasing and remodeling/finish-out rates

that our affiliates have experienced with company-owned Killer Burger Restaurants. These estimates may vary substantially based on your ability to negotiate with your landlord and your financial strength, as well as on local commercial leasing and labor rates and other local conditions.

Note 3. Construction and remodeling costs may vary widely, depending upon numerous factors, including weather conditions, labor costs, costs of materials, location, condition of the building, premises and condition of any related facilities, such as HVAC, electrical/wiring and plumbing infrastructure.

Note 4. This estimate includes all furniture, fixtures and equipment to be used in your Killer Burger Restaurant, including trade dress, interior art work and design elements. All of these items must meet our standards and specifications.

Note 5. This amount includes the estimated purchase costs and installation/setup fee of the Toast system that you must use in the operation of your Killer Burger Restaurant.

Note 6. We provide initial training to your initial Principal Operator, General Manager and Training Coordinator (if different) at no additional charge. Therefore, the amounts in the chart include only your out-of-pocket costs for the training of these people. You must pay all expenses you or your employees incur in the initial training program, like travel, lodging, meals and wages. These costs will vary depending upon your selection of salary levels, lodging and dining facilities, mode and distance of transportation. The figures in the chart represent the estimated cost for one individual to attend our initial training program. If you plan to have more than one person attend training, you should multiply these out-of-pocket expense figures accordingly. We may charge a \$500 per person tuition fee for the fourth and each subsequent attendee you send to our initial training program.

Note 7. You will likely be required to pay security deposits to certain third parties, including your landlord, telephone service provider, local utility companies and various equipment vendors and suppliers. These amounts will vary for each location and will be based in part on the premises, services and equipment you select.

Note 8. You must use an architect/design vendor we designate or approve. After you receive your initial site plans/ designs from the architect/design vendor, you may incur additional architect/design costs if modifications or other design services are needed in order to complete construction of your Killer Burger Restaurant business.

Note 9. All interior and exterior signage [and graphics](#) used at, or in connection with, your Killer Burger Restaurant must conform to our standards and specifications.

Note 10. We estimate that this range will cover the cost of food inventory (including meat, bread, fries and related products), supplies and other miscellaneous items for approximately the first 7 to 14 days of operations.

Note 11. You must carry out a grand opening promotion for your Killer Burger Restaurant in accordance with our standards. You will pay any third party advertising vendors directly, but all grand opening advertising must be agreed upon by you and us in advance, and all advertising must conform to our standards and specifications. This entire grand opening marketing amount must be spent during the period beginning 10 days before the opening of your Killer Burger Restaurant and ending 60 days after such opening date (the “Grand Opening Period”).

Note 12. We strongly recommend that you retain an attorney to advise you on this franchise offering. You may also wish to retain an accountant to help you evaluate this franchise offering. If you choose to form an entity to own the franchise, you may incur additional fees that we cannot estimate.

Note 13. You will need additional funds, estimated as up to \$50,000, during the start-up phase of your business to pay employees, purchase supplies and pay other expenses. We estimate the start-up phase to be 3 months from the date you open for business. These amounts do not include any estimates for debt service or any salary or draw for you. You must also pay the royalty and other related fees described in Item 6 of this Disclosure Document. These figures are estimates, and we cannot assure you that you will not have additional expenses. Your actual costs will depend on factors like your management skill, experience and business acumen. You should base your estimated start-up expenses on the anticipated costs in your market and consider whether you will need additional cash reserves. We relied on the experience of our affiliate's company-owned Killer Burger Restaurants in Oregon to compile these estimates. You should review these figures carefully with your business advisor.

Note 14. If you are offered and sign an ADA to develop a mutually-agreed number of Restaurants, you will pay an Initial Franchise Fee for your first Franchise Agreement (\$40,000) and a Development Fee equal to \$10,000 multiplied by the number of Restaurants (excluding the first Restaurant) to be developed under the ADA. We will credit a portion of the Development Fee against the Initial Franchise Fee (\$10,000 for the second and each subsequent franchise agreement) until the Development Fee is exhausted. See Item 5 for additional information regarding the Development Fee and the Initial Franchise Fee. The low estimated amount equals the Development Fee for the right to open two Restaurants and the high estimated amount equals the Development Fee for the right to open ten Restaurants. Unless otherwise stated above, these estimates are subject to increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments we control.

We do not offer any financing for your initial franchise fee or any portion of your initial investment. Unless otherwise stated, the amounts described above are not refundable.

## **ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### **Required Purchases**

As a general rule, you are obligated to purchase or lease from our affiliates or other designated third party suppliers all or most of the products, services, supplies, fixtures, equipment, inventory or real estate used in establishing or operating the Killer Burger Restaurant. We impose several sourcing/supplier requirements for certain items, including, among other things, private label food products that you must offer for sale at your restaurant and certain sauces, toppings and other ingredients used in preparation of the food and we reserve the right to require you to purchase some or all of such items from our affiliates or other third party designated suppliers in the future.

### **Designated Suppliers**

We reserve the right to designate specific suppliers for the products and services used and sold in the Killer Burger Restaurant (and we or our affiliates may be the sole source for some products or services). We also reserve the right to change or add designated suppliers from time to time at our option upon written notice to you. Upon reasonable notice to you, we may require you to use new or additional designated sources for the purchase of these or other products or services used in the operation of your Killer Burger Restaurant.

## **Purchases According to Specifications**

You must comply with all of our standards and specifications relating to the purchase of all supplies, materials, fixtures, furnishings, equipment, computer systems and other products used or offered for sale at the Killer Burger Restaurant business.

As of the date of this Disclosure Document, we require that the following items be purchased from designated or approved suppliers and/or meet our specifications:

### **Food Ingredients**

Certain of our food ingredients and products are private label and must be sourced from a sole designated supplier and used in food offered for sale at your Restaurant. We reserve the right to add or remove items from the list of required private label products from time to time upon in our discretion.

### **POS Computer System**

You must use the POS computer system designated by us and acquire it from our designated supplier.

### **Credit Card Processing**

You must use our designated credit card services vendor, which provides credit card gateway, vault and processing services and is directly integrated with our designated POS software.

### **Marketing Services**

You must purchase all marketing services as well as internet services used for marketing purposes used in promoting your Killer Burger Restaurant from a supplier approved by us, and we reserve the right to appoint a sole designated supplier for these services upon written notice to you.

### **Real Estate/Site Selection/Lease**

You must locate a site for the Killer Burger Restaurant that satisfies our site selection requirements. You must work with a real estate broker who we approve in identifying proposed sites for your Killer Burger Restaurant. This broker will assist you with identifying potential locations in your market, and will confirm our consent to your proposed site or sites based on our site selection criteria. You must sign a lease that includes the lease rider terms found in Attachment G to the Franchise Agreement.

### **Architect**

You must use our designated architect of record to design your restaurant and develop construction documents.

### **Construction**

Within 30 days of receipt of your site layout, we will adapt our prototypical architectural and design plans to verify suitability of the site. You must use an architect we designate or approve.

### **Site Plan**

You must use our designated vendor for the preparation of site/design plans, including the millwork plan, for the interior of your Killer Burger Restaurant.

### Kitchen Equipment

You must obtain all equipment used in the operation of your Killer Burger Restaurant kitchen that complies with our specifications.

### Music

You must use the music service provider designated by us.

### Phone System

We may require you to purchase and utilize a specified VOIP phone system from a vendor of your choosing.

### Online Ordering and Delivery Services

We may require you to contract with and utilize one or more food delivery service providers of our choosing. We currently use OLO for online ordering and delivery service provider integration and certain nationally known providers; however, other delivery services may be selected by us based upon your location.

### Advertising and Promotional Materials

You agree that any advertising, promotion and marketing you conduct will be completely clear and factual and not misleading and will conform to the highest standards of ethical marketing and the promotion policies that we prescribe periodically. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted to us for approval at least 15 days before you use them or deliver them to a third party for use in any advertisement. If you do not receive written approval within 10 days after our receipt of such materials, we will be deemed to have disapproved such materials. You may not use any advertising or promotional materials that we have disapproved. Our approval of any advertising material may be withdrawn in our sole discretion at any time.

### Insurance

You must obtain and maintain insurance policies protecting you and us and various related parties against any demand or claim with respect to personal injury, death or property damage, cyber attacks and data breaches, or any loss, liability or expense related to or connected with the operation of the Killer Burger Restaurant. In addition, each of your insurance policies must include a one-year tail following the termination, expiration or transfer of your franchise agreement, and, except for the employment related practices liability coverage, each policy must name us as an additional insured-grantor of franchise via BPI405, CG2029 or similar endorsement. At a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time in writing), you must carry:

(1) Comprehensive general liability insurance written on an occurrence form, including coverage for professional liability, broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability and fire damage coverage, in an amount not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate, \$2,000,000 products/completed operations aggregate, \$1,000,000 personal and advertising injury, \$50,000 damage to premises rented to you, and \$5,000 medical expense (any one person). The general liability coverage shall include a waiver of subrogation endorsement in favor of us and shall not limit or exclude contractual liability;

(2) Employment related practices liability insurance, including third party coverage, in an amount not less than \$1,000,000 per occurrence and \$1,000,000 aggregate. Such insurance must include a deductible of less than \$10,000 unless we approve a higher deductible in writing. Prior acts retroactive date must be no later than the effective date of your Killer Burger Restaurant franchise agreement;

(3) Commercial automobile insurance written on a combined single limit basis for bodily injury and property damage with a limit not less than \$1,000,000 per accident. Such insurance shall include coverage for owned, hired, and non-owned automobiles and shall include additional insured and waiver of subrogation endorsements in favor of us;

(4) Commercial umbrella or excess liability following form insurance in an amount not less than \$1,000,000 per occurrence and \$1,000,000 aggregate;

(5) Property insurance coverage to include coverage for replacement costs of all Franchisee-owned contents and tenant improvements at each location, and business interruption insurance for a period adequate to re-establish normal business operations, not to be less than six months. All property related coverage shall be written on special causes of loss forms with deductibles not to be greater than \$10,000 per occurrence;

(6) Workers' compensation (Coverage A) with statutory limits complying with the laws of the applicable state, and employer's liability (Coverage B) with limits not less than \$1,000,000 per accident, \$1,000,000 disease policy limit, and \$1,000,000 disease per employee. Such insurance shall include a waiver of subrogation endorsement in favor of us; and

(7) Liquor liability coverage of not less than \$1,000,000 per occurrence, \$2,000,000 aggregate or as required by your state.

(8) Cyber insurance coverage of not less than \$1,000,000 per occurrence, \$1,000,000 aggregate.

(9) Such other insurance as may be required by us from time to time or by the landlord of the Killer Burger Restaurant premises at, and by the state or locality in, which the Killer Burger Restaurant is located. All required insurance coverages may be obtained by separate primary policies, or in combination with umbrella or excess liability policies.

### **Approved Suppliers**

If we have approved suppliers (including manufacturers, distributors and other sources) for any items, supplies, materials, fixtures, furnishings, equipment, sight plans and designs, computer systems and other products used or offered for sale at the Killer Burger Restaurant, you must obtain these items from those suppliers. Approved suppliers are those who demonstrate on a continuing basis the ability to meet our then-current standards and specifications, who have adequate quality controls and the capacity to supply the needs of the Killer Burger Restaurant franchise network promptly and reliably, whom we have approved in writing and whom we have not later disapproved. We may designate ourselves or our affiliates as approved or designated suppliers of any item. Before opening your Killer Burger Restaurant (and from time to time as needed during operation of your Killer Burger Restaurant), you must purchase from approved suppliers certain items required for the operation of a Killer Burger Restaurant, including, among other things, food products and ingredients, certain equipment/tools, approved signage [and graphics](#) and the POS system.

We have the right to make available to you for resale in the Killer Burger Restaurant merchandise identifying the System. This may include Killer Burger Restaurant memorabilia, like T-shirts, cups and

hats. If we make this type of merchandise available, we may require you to purchase it from us, our affiliate or a supplier we designate in amounts necessary to meet your customer demand.

If we require that an item be purchased from an approved supplier and you wish to purchase it from a supplier we have not approved, you must submit to us a written request for approval. You must not purchase or lease the item from the supplier until and unless we have approved the supplier in writing. We have the right to require you to submit information, specifications and samples to us to enable us to determine whether the item complies with our standards and specifications and that the supplier meets our criteria. We also have the right to inspect the supplier's facilities, and to have samples from the supplier delivered to us or to an independent laboratory we designate for testing. We may condition our approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial compatibility, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria. We may re-inspect the facilities and products of any approved supplier, and may revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. If we revoke our approval of any supplier, you must promptly discontinue use of that supplier. You must reimburse us for the costs that we incur in the supplier approval process. Nothing requires us to approve any particular supplier and we are not required to notify you of our approval or disapproval within any specified period of time. Our specifications for products and criteria for supplier approval are generally issued through written communications and are available to franchisees and approved suppliers.

### **Purchasing Arrangements**

We may receive revenues directly from the sale of products or services to our franchisees during the fiscal year. We may negotiate certain purchase arrangements (including price terms) for the purchase of certain items, such as food products, logoed paper products, insurance, restaurant equipment, design/architecture services, music, supplies or other items, with suppliers for the benefit of franchisees. In doing so, we seek to promote the overall interests of our franchise system and our interests as the franchisor. We or our affiliates may receive rebates or other material consideration from approved or designated sources. Our affiliate, KB, currently receives rebates from certain designated vendors of between 1% and 5% of the cost of items purchased by all Killer Burger Restaurants. For any funds that we or our affiliates receive from approved or designated suppliers based on franchisee purchases, we in our sole discretion will either (1) rebate these funds back to franchisees as provided below, (2) contribute these funds to the Brand Fund described in Item 11, or (3) if the purchases are of our proprietary products where we have invested in research and development of the product, we may use those funds to offset the costs of our investment in research, development, and innovation. If we rebate these funds to franchisees, we will do so based upon franchisees' respective share of purchases from the applicable supplier, or pro rata among franchisees based on gross sales of all franchisees purchasing from the applicable supplier (as a proxy of purchases). When collecting rebates for those products where a rebate is unavoidable, we may deduct a nominal administrative fee not to exceed 5% of the amount collected, and rebate the balance to franchisees. There are currently no purchasing or distribution cooperatives for the System.

Your obligations to purchase or lease goods, services, supplies, fixtures, equipment, inventory, and computer hardware and software from us or our designee, from suppliers we approve, or under our specifications are all considered "required purchases." We describe these obligations in detail in the preceding sections of this Item 8. The magnitude of required purchases in relation to all purchases you make to establish and operate the Killer Burger Restaurant is difficult to determine due to the highly variable nature of expenditures necessary to establish and operate the Killer Burger Restaurant. We estimate that your total initial required purchases will range between 40% and 90% of the cost of your initial purchases or leases. We estimate your required purchases for the operation of the Killer Burger Restaurant will range between 30% and 45% of your annual purchases or leases.

Except as may be disclosed herein, our officers did not hold any ownership interest in any privately-held supplier or any material interest in any publicly-held supplier of the Killer Burger Restaurant franchise system. From time to time our officers may own non-material interests in publicly-held companies that may be suppliers to our franchise system.

During the fiscal year ended December 31, ~~2022~~2023, we did not receive any payments from suppliers based on purchases and leases made by our franchisees. Our affiliate KB, received approximately \$~~36,255~~49,955 in rebates from third party suppliers from purchases made by our franchisees. These figures were derived from KB’s internal accounting system.

### **Loyalty Program**

We own and manage a customer loyalty program, which is currently called “Killer Rewards,” in which you are required to participate (the “Loyalty Program”). (See Item 11) We do not receive any revenue from franchisees utilizing the Loyalty Program.

## **ITEM 9: FRANCHISEE’S OBLIGATIONS**

This table lists your principal obligations under the Franchise Agreement (“FA”), ADA and other agreements. It will help you find more detailed information about your obligations in these agreements and in other Items of this Disclosure Document.

Obligation	Section in Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	FA: Section III.A, Attachment G ADA: Not Applicable	Items 8 and 11
b. Pre-opening purchases/leases	FA: Sections III., VIII., IX. and XIII ADA: Not Applicable	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	FA: Sections III., VII. and VIII ADA: Section 1	Items 1, 7, 8 and 11
d. Initial and ongoing training	FA: Sections VI.B. and VIII.A ADA: Not Applicable	Items 6, 7 and 11
e. Opening	FA: Sections III., IX.F, Attachment C ADA: Section 4	Items 7 and 11
f. Fees	FA: Sections V. and IX ADA: Section 2	Items 5, 6 and 11
g. Compliance with standards and policies/Manuals	FA: Sections III., IV., VII., VIII., IX., X., XI., XII., XIII ADA: Not Applicable	Items 8, 11, 14 and 16
h. Trademarks and proprietary information	FA: Sections X. and XI, Attachment B ADA: Not Applicable	Items 11, 13 and 14
i. Restrictions on products/services offered	FA: Section VIII ADA: Not Applicable	Items 8 and 16
j. Warranty and customer service requirements	FA: Section VIII.H ADA: Not Applicable	Item 16
k. Territorial development and sales quotas	FA: Not applicable ADA: Sections 1 and 4	Item 12
l. Ongoing product/service purchases	FA: Sections VIII. and IX ADA: Not Applicable	Items 8, 11 and 16

Obligation	Section in Agreement	Item in Disclosure Document
m. Maintenance, appearance and remodeling requirements	FA: Sections IV. and VIII ADA: Not Applicable	Item 8
n. Insurance	FA: Section XIII ADA: Not Applicable	Items 7 and 8
o. Advertising	FA: Section IX ADA: Not Applicable	Items 6, 8 and 11
p. Indemnification	FA: Section XVI ADA: Not Applicable	Item 6
q. Owner's participation/management/staffing	FA: Sections VII. and VIII ADA: Not Applicable	Items 1, 11 and 15
r. Records and reports	FA: Sections III., V., IX. and XII ADA: Not Applicable	Item 11
s. Inspections and audits	FA: Sections III., VI., VIII. and XII ADA: Not Applicable	Items 6, 8 and 11
t. Transfer	FA: Section XV ADA: Section 7	Items 6, 12 and 17
u. Renewal	FA: Section IV ADA: Not Applicable	Items 6, 12 and 17
v. Post-termination obligations	FA: Section XIX ADA: Section 5	Item 17
w. Noncompetition covenants	FA: Section XI., Attachment B ADA: Section 6	Item 17
x. Dispute resolution	FA: Section XX.F ADA: Not Applicable	Item 17

## ITEM 10: FINANCING

Neither we, nor any agent or affiliate of ours, offers direct or indirect financing. We do not guarantee your loan, leases or other obligations.

Franchisees of the Killer Burger franchise program may be eligible for a Small Business Administration (SBA) loan by following the SBA loan application process and executing the mandatory, non-negotiable SBA Addendum, which is Attachment J to our franchise agreement.

## ITEM 11: FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

**Except as listed below, we are not required to provide you with any assistance.**

**Pre-Opening Obligations:** Before you open your Killer Burger Restaurant business, we or our designee will:

1. Provide you a copy of our written site selection guidelines and give you the site selection assistance we believe to be necessary. (Section III.A. of Franchise Agreement);
2. Review your proposed site for compliance with our site selection guidelines and accept or not accept the site and your proposed lease or contract of sale within 30 days after receiving your complete site information. (Section III.A. of Franchise Agreement);

3. Provide access to or loan you 1 set of our Operations Manual. (Franchise Agreement, Section VI.A.);
4. Provide you a list of any approved suppliers. (Franchise Agreement, Section VI.I.);
5. Conduct an initial training program. (Franchise Agreement, Sections VI.B. and VIII.A.); and
6. Provide you on-site opening assistance in the form of in-Restaurant training for 5 days before and 10 days after the grand opening date. (Franchise Agreement, Section VI.C.).

**Post-Opening Obligations:** During the operation of your Killer Burger Restaurant business, we will:

1. Conduct periodic evaluations of your operations. (Franchise Agreement, Section VI.E.)
2. Administer the Brand Fund and provide any advertising and promotional materials we develop for local advertising. (Franchise Agreement, Sections VI.F. and IX.)
3. Give you any advice and written materials we may develop on the techniques of managing and operating Killer Burger Restaurant businesses. (Franchise Agreement, Section VI.G.)
4. Give you updated lists of approved suppliers and vendors. (Franchise Agreement, Section VI.I.)
5. Provide pricing methods/guidance from time to time for products and services to be sold at Killer Burger Restaurants. We may from time to time establish maximum, minimum or other pricing requirements for the products to be sold at your Killer Burger Restaurant to the fullest extent allowed by law. (Franchise Agreement, Section VIII.K)
6. Provide to you, on loan, proprietary software programs (if any) as may be developed by us or on our behalf for use in the System. We reserve the right to charge a reasonable license fee. (Franchise Agreement, Section VI.D.)

### **Site Selection and Construction**

You must identify and secure a site for your Killer Burger Restaurant within a non-exclusive Designated Area. In reviewing your proposed site, we consider various factors, including the condition of the site, the location of the site, population, drive time, visibility, signage and graphic options, proximity to complimentary retail draws and other demographic and psychographic factors. We must accept the site as meeting our standards before you may begin any construction or renovations or use such site for your Killer Burger Restaurant. You cannot place a Killer Burger Restaurant at a site we have not first accepted in writing. We loan you our written site selection guidelines to assist you in selecting a site that meets our guidelines, but we do not generally own premises and lease them to our franchisees. (Section III.A. of Franchise Agreement). Your failure to obtain a site that we accept and open your Killer Burger Restaurant within the specified time period is a default under the Franchise Agreement for which we may terminate your Franchise Agreement.

When you identify a proposed site, you must submit to us in writing a description of the site, evidence that the site satisfies our site selection guidelines, a copy of the proposed lease or contract of sale for the site, and any other information we may require. We have 30 days after we receive all required information to review and accept or not accept the proposed site. You must also obtain our written approval of the final, complete lease or contract for sale for your site prior to your signing, and such document must include a rider in substantially the form of Attachment G to the Franchise Agreement. If

we accept multiple sites, you must notify us within 5 days of our acceptance of the sites which particular site that you intend to acquire for the Killer Burger Restaurant. Our acceptance of a site does not guarantee that a Killer Burger Restaurant will be profitable or successful at that site. (Section III.A. of Franchise Agreement)

Promptly following our acceptance of the site, you must enter into a lease or contract of sale for the site. You must provide us with a copy of the signed lease or contract of sale within 10 days of signing it. (Section III.A. of Franchise Agreement)

You are responsible for obtaining all zoning classifications and clearances which may be required by any laws, ordinances, regulations, or restrictive covenants relating to the construction and operation of the Killer Burger Restaurant, and you must conform the restaurant premises as needed to comply with any local ordinances and building codes at your expense. (Franchise Agreement, Section III.C.) Before beginning construction of the Killer Burger Restaurant, you must (i) obtain all approvals, clearances, permits, licenses and certifications required for the lawful construction or remodeling and operation of the Killer Burger Restaurant, and (ii) certify in writing to us that they have been obtained and that the insurance coverage required under the Franchise Agreement is in full force and effect. (Franchise Agreement, Section III.C.)

You must obtain, at your expense, any architectural, engineering, design, construction and other services that are necessary for the construction of the Killer Burger Restaurant. The architect(s) and engineer(s) selected to plan and oversee construction of your Killer Burger Restaurant must be approved by us before beginning their work on the Killer Burger Restaurant. We may, but are not obligated to, provide you a list of approved architect(s) and engineer(s). (Franchise Agreement, Section III.D.)

You must adapt our prototypical architectural and design plans and specifications for a Killer Burger Restaurant as necessary for the construction of the Killer Burger Restaurant business and must submit the adapted plans to us for review within 45 days after you acquire the site. We will notify you of any objections to the plans within 15 days of receiving them. If we fail to notify you of an objection to the plans within the 15-day period, you may use the plans. If we object to the plans, we will provide you with a reasonably detailed list of the changes needed to make the plans consistent with System standards. We will notify you within 15 days of receiving revised plans incorporating such changes, whether the revised plans are acceptable. If we fail to notify you of any objection within such 15-day period, you may use the revised plans. Our review of the plans is only for the purpose of determining compliance with System standards, and our acceptance of the plans does not constitute a representation, warranty, or guarantee, express or implied, that the plans are accurate or free of error concerning their structural application. We are not responsible for any errors, omissions or discrepancies of any nature in the plans or for the plans' compliance with any applicable local, state or federal laws, ordinances or regulations (Franchise Agreement, Section III.D.)

We estimate that it will be approximately 180 to 365 days from the time you sign the Franchise Agreement to the time you begin operations. This time period may be shorter or longer depending on the modifications that must be made to the site to accommodate your Killer Burger Restaurant and other factors, such as delays or difficulties in obtaining financing, building permits, liquor licenses, zoning and local ordinances, weather conditions, shortages of materials or delayed installation of equipment, fixtures or signs. You must begin business within 365 days after signing the Franchise Agreement, unless we give you a written extension. (Franchise Agreement, Section III.E.)

### **Advertising**

You must participate in a grand opening promotion and all advertising and sales promotion programs that we may authorize or develop for Killer Burger Restaurant. You must spend at least \$10,000 on grand

opening marketing during the period beginning 10 days before the opening of your Killer Burger Restaurant and ending 60 days after such opening date. Your grand opening promotion costs are in addition to the required local advertising expenditures described below (Franchise Agreement, Section IX.D., F.)

### **Local Advertising**

Initially, you must spend at least an amount equal to the greater of (i) \$500 per month or (ii) 1% of the Killer Burger Restaurant's Gross Sales for advertising and promotion of the Killer Burger Restaurant in the Protected Area described in item 12. In our sole discretion on not less than 30 days' written notice, we may increase the amount you must spend on local marketing in the Protected Area to an amount not to exceed the greater of \$1,000 or 3% of your Gross Sales.

You must submit to us any reports (including substantiating receipts) detailing your local advertising expenditures that we may require. We may reallocate the proportion of those monies directed to local advertising (individually or through a Cooperative) and to the Brand Fund. (Franchise Agreement, Section IX.)

You must place and pay the cost of a business listing acceptable to us, which may, at our option, be an Internet business listing, in such directories and categories as we may specify from time to time in the Operations Manual or otherwise in writing. We will not credit your payments for these listings towards your local advertising expenditure requirement. (Franchise Agreement, Section IX.G.)

All advertising and promotions you place in any medium must be conducted professionally, must conform to our standards and requirements and must be approved by us before use, as described in Item 8.

You may not advertise, promote, post or list information relating to the Killer Burger Restaurant on the Internet (through the creation of a website or otherwise), but we may, at our option, decide to include information about your Killer Burger Restaurant business on our website.

We can designate any geographic area in which 2 or more company-owned or franchised Killer Burger Restaurants are located as a region for a Cooperative. We may require Cooperatives to be formed, changed, dissolved or merged from time to time. If we do form a Cooperative, the Cooperative must be organized and governed as we determine. Any Cooperatives we authorize will be for the exclusive purpose of administering advertising programs and developing promotional materials for members in local advertising. If a Cooperative is established for an area that includes your Protected Area, you must become a member of the Cooperative and participate in the Cooperative by contributing the amounts required by the Cooperative's governing documents, which will require contributions of an amount equal to the greater of \$500 per month or 1% of your Gross Sales. The amount may be increased up to a maximum the greater of \$1,000 or of 3% of your Gross Sales. However, you will not be required to contribute more than the amount you would otherwise be required to spend on local advertising, and your Cooperative contribution will be applied toward partial satisfaction of your local advertising requirement. You must also submit to the Cooperative and to us all statements and reports that we, or the Cooperative, may require. Cooperative contributions will be maintained and administered under the Cooperative's governing documents and the Cooperative will be operated solely as a conduit for the collection and expenditure of advertising contributions. (Franchise Agreement, Section IX.B.)

## **Brand Fund and Regional Advertising**

### *Franchisee Brand Fund Contributions*

In addition to local advertising (individually or through a Cooperative), we have established a fund for system advertising, marketing, and brand support programs (“Brand Fund”). You must make periodic contributions to the Brand Fund of up to 2% of the Killer Burger Restaurant’s Gross Sales. Initially, your monthly contributions will each be an amount equal to 1% of the Killer Burger Restaurant’s Gross Sales. In our sole discretion on not less than 30 days’ written notice, we may increase the amount you must contribute to the Brand Fund; provided, however, that you will not be required to contribute more than 2% of the Killer Burger Restaurant’s Gross Sales to the Brand Fund. Your required contributions to the Brand Fund are in addition to amounts you are required to spend for local advertising.

### *Administration of the Brand Fund*

We or someone we designate will separately administer the Brand Fund. The Brand Fund is not a trust or escrow account, and we do not have any fiduciary obligations with respect to the Brand Fund. We will designate and direct all programs financed by the Brand Fund, with sole control over the creative concepts, materials and endorsements used, including the geographic market and media placement and allocation thereof. We may use the Brand Fund for any purpose to promote the System, the Marks, the patronage of Killer Burger Restaurants, and the Killer Burger brand generally as we determine, including paying for: (1) preparing and producing video, audio, and written materials (including marketing and promotional materials and local restaurant marketing advertisements we prepare) and electronic media; (2) administering national, regional, multi-regional, international, and local marketing, recruiting, advertising, and promotional programs, including purchasing space in print publications, direct mail, radio and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; (3) supporting public relations, market research, and other marketing, recruiting, advertising, and promotional activities; (4) developing and maintaining website(s) for the System; (5) administering online marketing, recruiting, advertising, and promotional campaigns (including search engine, social media, email, and display ad campaigns); (6) developing and maintaining gift card, membership and other customer loyalty programs; (7) development of or access to and use of real estate analytical software; and (8) developing and maintaining any other application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or “next generations” of any such devices. We determine the use of the funds contributed to the Brand Fund, including allocating a portion of any Brand Fund contributions to any national, regional, multi-regional, international, or local marketing, recruiting, advertising, and promotional programs we may establish in the future.

We intend the Brand Fund to maximize recognition of the Marks and patronage of Killer Burger Restaurants. Although we will try to use the Brand Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Killer Burger Restaurants, we are not required to make expenditures for you that are equivalent or proportionate to your Brand Fund contributions or to ensure that any particular franchisee benefits directly or in proportion to its contributions to the Brand Fund. Except for any portion of the Brand Fund spent on website development and maintenance (a portion of which may include soliciting the sale of franchises using the websites or websites primarily focused on franchise growth), the Brand Fund is not used to solicit the sale of franchises. The Killer Burger Restaurants owned by us and our affiliates shall contribute to the Brand Fund on the same basis as a franchisee under the terms of a standard franchise agreement.

Presently, we anticipate that Brand Fund advertising will be conducted primarily through electronic or print media on a regional basis. We may use the Brand Fund to directly place advertising in your local or regional market; however, we also intend to use the Brand Fund to create and prepare marketing materials

or advertising programs that will be provided to you so that you may directly place or implement such materials or programs in your local or regional market. Any amounts that you spend to place or implement advertising created by the Brand Fund in your local or regional market will be credited towards your local advertising obligations.

We will not use your Brand Fund contributions to defray any of our operating expenses, except for any reasonable salaries, administrative costs, travel expenses and overhead that we may incur in administering the Brand Fund and its programs. We will prepare an annual statement of the Brand Fund's operations and will make it available to you if you request it. Any amounts in the Brand Fund that are not spent in the fiscal year in which they accrue will be applied toward advertising activities or our expenses incurred in administering the Brand Fund and its programs in the following fiscal year. We are not required to have the Brand Fund's statements audited.

We may terminate the Brand Fund at any time on 30 days prior written notice to you. If we terminate the Brand Fund, all unspent monies will be distributed to the contributors in proportion to their respective contributions during the preceding 12 month period. (Franchise Agreement, Section IX.C.)

In our last fiscal year ended December 31, ~~2022~~2023, we spent approximately ~~50~~28% of the Brand Fund on production (print, freelancers), ~~7~~5% on media placement, ~~3~~6% on website development, ~~0~~4% on administrative expenses, ~~33~~34% on other (technology and public relations), and ~~7~~23% on the Loyalty Program.

We presently do not have an advertising council.

### **Computer and Electronic Cash Register Systems**

You must purchase, install and at all times use our designated point of sale ("POS") computer system in your Killer Burger Restaurant. If this computer system is updated or modified by the manufacturer from time to time you may be required to purchase the modified or upgraded version. You must also install and maintain at least two point-of-sale terminals that are capable of running the software (and one back-office work station computer). The POS software is used to generate, compile, store and manage Killer Burger Restaurant sales information. You must purchase this software and the related point of sale hardware from a supplier approved by us. The POS system, including the required computer hardware needed to operate the system, costs approximately \$3,000 to \$4,000, depending on the number of terminals needed for your Killer Burger Restaurant and whether you wish to have a central office terminal for tracking information for multiple restaurants. We currently require you to use Toast software in your Restaurant, and you will be required to enter into an agreement with Toast for the software. A copy of the Toast software agreement is attached to this Disclosure Document as Exhibit B. We will provide software and technology support, which requires payment of monthly software, technology licensing and support fees to us of \$150 per month (\$1,800 per year).

You must also install and maintain a computer at the Killer Burger Restaurant business that has Internet access via high speed internet connection, is capable of running the software we require from time to time and is able to transmit and receive e-mails. We may also require you to license from us, or others we designate, any computer software we develop or acquire for use by Killer Burger Restaurants.

Except as stated above, neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades or updates to your hardware or software. Except as stated above, there are currently no optional or required maintenance/upgrade contracts for the point of sale or computer system. The software programs and hardware used at Killer Burger Restaurant businesses are designed to enable

us to have independent access to the information generated and stored by the system, and there is no contractual limitation on our access to or use of the information we obtain.

We may revise our specifications for the hardware and any software used in the Killer Burger Restaurant business as we deem necessary, including the designation of specific brands or models of accounting software or other software used for word processing, spreadsheets and other office functions, that you must use in the operation of your Killer Burger Restaurant. In addition, you must update and upgrade the hardware and software from time to time as we require, and you must install any other hardware or software for the operation of the Killer Burger Restaurant business that we may require in the future, including any enhancements, additions, substitutions, modifications, and upgrades. The licensors of the required software may develop enhancements and upgrades for their programs that you may be required to obtain. We cannot estimate how often those licensors may develop updates, upgrades or enhancements, or whether we will require you to obtain them, or their cost to you. There are, however, no limitations on the frequency and cost of the updates, upgrades or enhancements.

### **Confidential Operations Manuals**

After you sign the Franchise Agreement, we will loan you a copy of our Operations Manual which may be in various formats (including in written, electronic and delivered via the Internet) and which we may amend from time to time upon written notice to you. The Operations Manual contains our Systems Standards and information on your other obligations under the Franchise Agreement. A copy of the table of contents of the Operations Manual as of our last fiscal year ended December 31, ~~2022~~2023 is attached as Exhibit C to this Disclosure Document. The Operations Manual contains 227 pages. We consider the contents of the Operations Manual to be proprietary and confidential and you may not copy, duplicate, record or otherwise reproduce any part of the Operations Manual.

### **Training**

At least 3 months before the opening of your Killer Burger Restaurant, your Principal Operator must have attended and completed our 3-week initial Principal Operator Training Program to our satisfaction. (Franchise Agreement, Section VIII.A.). At least 2 weeks before the opening of your Killer Burger Restaurant, your General Manager must have attended and completed our three-week GM Training Program to our satisfaction. At least 2 weeks before the opening of your Killer Burger Restaurant, your Training Coordinator must have attended and completed our 3-week TC Training Program to our satisfaction. (Franchise Agreement, Section VIII.A.) In addition to the Principal Operator Training Program, for the 2 weeks prior to the opening of your Restaurant, we will provide Killer Burger staff in your restaurant to oversee and advise you on grand opening issues, preparation and staffing. Additionally, Killer Burger staff will be in your restaurant for 2 weeks of ongoing operational training immediately after the opening date.

The pre-opening Principal Operator, GM and TC Training Programs will be conducted at our facilities in Portland, Oregon or at another facility that we designate. We provide instructors and training materials at no charge, but you must pay all expenses you and your personnel incur in initial training, including costs of travel, lodging, meals and wages. We may charge a reasonable training fee for training all successor or replacement personnel. (Franchise Agreement, Section VIII.A.)

The materials used in training include the Training Manual as well as other presentation materials, including power point presentations. Katie Ohlsen, our Operations ~~Training~~Performance Manager, supervises and coordinates our training programs. Katie Ohlsen has ~~13~~14 years of relevant experience in the food and beverage field and ~~9~~10 years' experience with us.

Training will be conducted by qualified members of our staff or third party trainers designated by us.

Our Principal Operator Training Program is offered as needed during the year depending on the number of new franchisees entering the System, the number of other personnel needing training, and the scheduled opening of new Killer Burger Restaurants. The subjects covered and other information relevant to our initial training program are described below.

### PRINCIPAL OPERATOR TRAINING PROGRAM

Subject	Classroom Hours	On the Job Hours	Location
Accounting/Record Keeping	1	-	Our facilities in Portland, Oregon
Marketing	1	-	Our facilities in Portland, Oregon
Grand Opening	1	-	Our facilities in Portland, Oregon
Information Systems	2	-	Our facilities in Portland, Oregon
Franchisor Support	1	-	Our facilities in Portland, Oregon
Station Training	-	50	Our facilities in Portland, Oregon
Crew Leader Role Training	-	8	Our facilities in Portland, Oregon
Training Coordinator Role Training	-	18	Our facilities in Portland, Oregon
General Manager Role Training	-	18	Our facilities in Portland, Oregon
Principal Operator Role Training	-	20	Our facilities in Portland, Oregon
Totals	6 hours	114 hours	

Most of these subjects are integrated throughout the 3-week Principal Operator Training Program, comprised of 10 hours of pre-opening classroom training and 110 Hours of on the job pre-opening training in our Restaurant. Our initial training program is subject to change without notice to reflect updates in the materials, methods and manuals and changes in personnel. The subjects taught and the time periods allocated for each subject may vary based on the experience of the trainees.

If we determine that you, your General Manager or Training Coordinator cannot complete initial training to our satisfaction, we may require extended training at your expense at a cost of \$300 per person per day. If we determine, in our sole judgment, that you or your approved designee cannot successfully complete the initial training, then we may terminate the Franchise Agreement. If we determine that your General Manager or any of your employees has failed to satisfactorily complete the training program, you agree to immediately hire a substitute and promptly arrange for such person to complete the training program to our satisfaction. You shall pay the per diem additional training fee for training programs furnished to individuals who replace a manager or employee who has previously attended the training program. You are responsible for all travel and living expenses.

We may require your Principal Operator, General Manager and Training Coordinator to attend additional or refresher training programs and seminars from time to time as well as a national annual convention. We have the right to charge a reasonable fee for these additional training programs and seminars. You

must pay all expenses you or your personnel incur in any training program or seminar, including the cost of travel, lodging, meals and wages. (Franchise Agreement, Section VIII.A.).

### **Customer Loyalty Program**

We or our designee manage a Loyalty Program in which you are required to participate. Presently, your cost to participate in the program is covered by the Brand Fund. Franchisees may be required to pay for the Loyalty Program directly in the future. All Killer Burger Restaurants, whether franchisee or company-owned, are required to participate in the Loyalty Program, except that any Killer Burger Restaurants located in Captive Venues are not required to participate in the Loyalty Program.

## **ITEM 12: TERRITORY**

### **Location of Restaurant**

The Franchise Agreement gives you the right to operate a Killer Burger Restaurant at a site we accept as meeting our site selection guidelines (the “Location”). You must select the site for your Killer Burger Restaurant from within the non-exclusive “Designated Area” identified in Attachment C to your Franchise Agreement. The Designated Area will be agreed upon by you and us before your execution of the Franchise Agreement and may range from a portion of a city or an unincorporated area to a single or multi-county area. You have no rights in the Designated Area other than the right to identify a proposed site for your Killer Burger Restaurant, but after you locate a site acceptable to us we will grant you a “Protected Area” around that site as described below.

You cannot relocate the Killer Burger Restaurant without our consent. If you lose possession of the Location through no fault of your own, you may apply to us for our approval to relocate your Killer Burger Restaurant to another site in the Protected Area. Such requests must be submitted to us as soon as possible (but in no event longer than 10 days) after the date you discover you will be unable to continue the operation of the Killer Burger Restaurant at the Location.

### **Protected Area – Franchise Agreement**

If you remain in compliance with the Franchise Agreement and any other agreement you have with us or our affiliates, we and our affiliates will not establish or authorize anyone except you to establish a Killer Burger Restaurant in the geographic area identified as the “Protected Area” in Attachment C of the Franchise Agreement (the “Protected Area”) during the term of the Franchise Agreement, except as otherwise noted below under Limitations on Your Territorial Rights. Except for Killer Burger Restaurant to be located in urban centers, your Protected Area will be (a) a circular geographic area generally having a radius of approximately 1.5 miles and its center at the front door of your Killer Burger Restaurant, or (b) an irregularly shaped geographic area that includes your Killer Burger Restaurant and generally extends out from the front door of your Killer Burger Restaurant approximately 1.5 miles in all directions. In urban centers, the radius or irregularly shaped geographic area will be measured in terms of city blocks instead of miles. We determine the boundaries of each Protected Area on a case-by-case basis based on various factors, including (i) the population in the surrounding area; (ii) traffic volume and traffic patterns; (iii) proximity to retail centers, residential areas, businesses and other potential customer sources; (iv) man-made and natural boundaries, such as rivers, freeways, mountains, etc.; and (v) other site-specific data as applicable. The Protected Area will be described in Attachment C of the Franchise Agreement as a radius or by street boundaries, county or state lines, zip codes or other descriptions of municipal boundaries.

You will not receive an exclusive territory under your Franchise Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

### **Development Area - ADA**

If you execute an ADA you will be granted a license to open and operate a mutually agreed number of Restaurants in a defined Development Area according to a multi-year development schedule. As long as you remain in compliance with the development obligations stated in the ADA, we will not establish and operate, or license a third party to establish and operate, a Killer Burger Restaurant within your Development Area, except as otherwise noted below under Limitations on Your Territorial Right. The geographic boundaries of the Development Area will be described in the ADA by zip codes, city, state or county lines, natural or man-made boundaries and compass point directions and depicted on a map attached to the ADA. The number of Restaurants to be developed will be determined by the demographics and market projections of the Development Area.

You will not receive an exclusive territory under your ADA. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You must sign a separate Franchise Agreement for each Killer Burger Restaurant that you establish under the ADA and you may only operate from the locations approved by us under the Franchise Agreements. We must approve the location of each franchise to be developed under our then-current site selection criteria. We identify your Development Area, the Development Fee and the development schedule in the ADA before you sign it.

### **Limitations on Your Territorial Rights**

You have no option, rights of refusal, or similar rights to acquire additional franchises.

We also reserve the right to operate Killer Burger Restaurants or license others to operate Killer Burger Restaurants, in Captive Venues. A “Captive Venue” means a non-traditional outlet for the sale of Killer Burger products or services that is located within, or is a part of, another establishment or facility that consumers may visit for a purpose other than purchasing the Killer Burger products or services. Examples of Captive Venues include outlets for Killer Burger products or services that are located in hotels, stadiums, college campuses or universities, airports, train stations, bus stations, or within other similar types of establishments. Captive Venues are excluded from the territorial rights associated with your Protected Area and, if applicable, Development Area. This means that we may operate or license a third party to operate a Killer Burger Restaurant in a Captive Venue located anywhere within your Protected Area and/or Development Area, if applicable. You are not entitled to any compensation for sales that take place from Captive Venues within your Protected Area or Development Area.

We also reserve the right to acquire, or be acquired by, one or more businesses or chains that may sell competitive or identical goods and services (whether through company locations, licenses or franchises). If we acquire a competitive business, the acquired business’ locations may be converted into Killer Burger Restaurants operating under the Marks regardless of their location, including within your Protected Area and Development Area, if applicable.

### **Alternative Channels of Distribution**

We reserve the right to sell or license others to sell competitive or identical goods (whether under the Marks or under different trademarks) through alternative channels of distribution. An “alternative channel

of distribution” means any channel of distribution other than retail sales made to customers from a Killer Burger Restaurant (or through authorized catering or delivery service). Examples of alternative channels of distribution include: (i) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (ii) sales through retail stores that do not operate under the Marks, such as grocery stores or convenience stores; (iii) sales made at wholesale; or (iv) sales through kiosks or mobile food trucks. We may sell or license a third party to sell competitive or identical goods through alternative channels of distribution (whether under the Marks or different trademarks) anywhere within your Protected Area and Development Area, if applicable. You are not entitled to any compensation for sales that take place through alternative channels of distribution.

**Restrictions on your Sales and Marketing Activities**

You may advertise within the territories of other Killer Burger franchisees, although your advertising must be primarily directed towards customers within your Protected Area. You may use the Internet to advertise only on our website and only to the extent expressly permitted under, and in compliance with, the Franchise Agreement. You may not market or sell through alternative channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing, either within or outside of your Protected Area. There are no other restrictions or limitations on your ability to solicit and serve customers from outside of your Protected Area.

**Minimum Performance Requirements**

If you sign an ADA and fail to satisfy your development schedule by establishing the minimum number of Killer Burger Restaurants within the required period of time, we may terminate your ADA and you will lose the territorial protections associated with your Development Area.

**Rights of First Refusal**

We generally do not grant any options, rights of first refusal or similar rights to obtain additional franchises. If you wish to obtain an additional franchise, you must enter into a separate Franchise Agreement for that franchise.

**Competitive Businesses**

Currently, neither we nor any affiliate of ours intend to operate or franchise another business under a different trademark that sells products or services similar to the products or services offered at a Killer Burger Restaurant. However, we reserve the right to do so in the future.

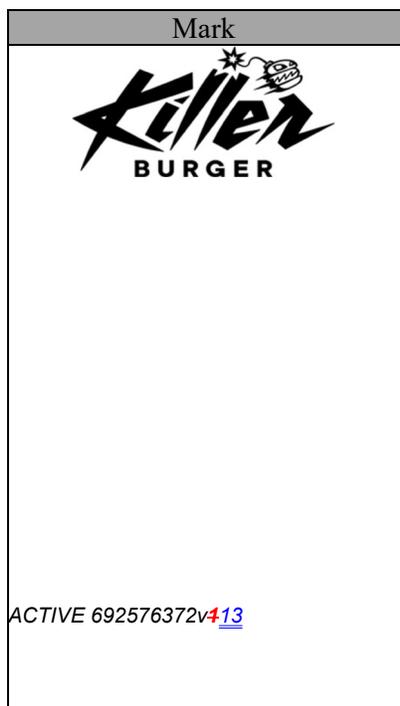
**ITEM 13: TRADEMARKS**

The Franchise Agreement gives you a license to operate a Killer Burger Restaurant under the mark “Killer Burger” and to use any future Marks we authorize. You may use the Mark described below in operation of your Restaurant. The word “trademark” refers to the trademarks, service marks and logos. Our parent, Killer Burger, LLC, has registered the following Mark, referred to as the “Burger Bomb”, with the USPTO on the Principal Register.

Mark	Registration Number	Registration Date	Register
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	<p>5630235</p>	<p>December 18, 2018</p>	<p>Principal</p>
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We also use the following design trademark as a primary mark, which is very similar to the federally registered trademark noted above. We have not filed for an application for federal registration for this trademark. Therefore the trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the following trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses:





On October 26, 2015, Killer Burger LLC entered into a Trademark Co-Existence Agreement with Grindhouse Holdings, LLC which holds a U.S. trademark registration in the mark GRINDHOUSE KILLER BURGERS. In this Agreement the parties agreed that there will be no likelihood of confusion between our Mark and the Grindhouse mark provided that our parent obtain a trademark registration from the USPTO for the KILLER BURGER Mark used in conjunction with its “burger bomb” logo, and further provided that we do not expand the use of our Mark into the states of California, Florida, Georgia, Alabama, Mississippi, Tennessee, South Carolina, North Carolina, Kentucky, West Virginia, Virginia, District of Columbia, Maryland, Pennsylvania, Delaware, New Jersey, New York, Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire and Maine. Our registration listed above, which covers “bar and restaurant services,” is in compliance with this Agreement.

Other than as described above, we know of no superior prior rights or infringing use that could materially affect your use of the Marks, and we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise, except as described below.

Our rights to the Marks and the proprietary System know-how are derived from a nonexclusive perpetual license (the “Intercompany License”) between us and our parent, Killer Burger, LLC. The Intercompany License grants us the right to use the Marks and the proprietary information related to the System, such as the know-how and the Operations Manual, for the purpose of licensing them to our franchisees and fulfilling our obligations under the Franchise Agreement. The Intercompany License is terminable only for material breach of the Intercompany License agreement and only if we do not cure or begin to cure the breach within 90 days after notice. Except as described above, we know of no other agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to you.

We are not obligated to protect your rights to use the Marks or to protect you against claims of infringement or unfair competition. We are not obligated to participate in your defense and/or indemnify you for expenses or damages if you are party to an administrative or judicial proceeding involving the Marks if the proceeding is resolved unfavorable to you.

You must promptly notify us of any infringement of the Marks or of any challenge to the use of any of the Marks or claim by any person of any rights in any of the Marks. You and your Owners must agree not to communicate with any person other than us, our designated affiliate, and our or their counsel about any infringement, challenge or claim. We or our affiliates have sole discretion to take any action we deem appropriate and the right to exclusively control any litigation, or Patent and Trademark Office (or other) proceeding, from any infringement, challenge or claim concerning any of the Marks. You must sign all instruments and documents and give us any assistance that, in our counsel’s opinion, may be necessary or advisable to protect and maintain our interests or those of our affiliates in any litigation or proceeding or to otherwise protect and maintain our or their interest in the Marks.

You may not use any of the Marks as part of your corporate or other name. You must also follow our instructions for identifying yourself as an independently owned and operated franchisee and for filing and maintaining the requisite trade name or fictitious name registrations. You must sign any documents we or our counsel determine are necessary to obtain protection for the Marks or to maintain their continued validity and enforceability. Neither you nor your Owners may take any action that would prejudice or

interfere with the validity of our rights with respect to the Marks and may not contest the validity of our interest in the Marks or assist others to do so.

We have the right to substitute different trade names, service marks, trademarks and indicia of origin for the Marks if the Marks can no longer be used, or if we determine, in our sole discretion, that the substitution will be beneficial to the System. If we do, we may require you to discontinue or modify your use of any Mark or use one or more additional or substitute Marks at your expense.

#### **ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

No patents are material to the franchise and we do not own any patents, and do not have any pending patent applications pending. We do claim copyright protection and proprietary rights in the original materials used in the System, including our Operations Manual, bulletins, correspondence and communications with our franchisees, training, advertising and promotional materials, and other written materials relating to the operation of Killer Burger Restaurants and the System (“Copyrighted Materials”). We treat all of this information as trade secrets and you must treat any of this information we communicate to you confidentially.

There is no presently effective determination of the U.S. Copyright Office (Library of Congress), the U.S. Patent and Trademark Office, or any court affecting our copyrights or pending patent applications. There is no currently effective agreement that limits our right to use and/or license our copyrights or pending patent applications. We are not obligated by the Franchise Agreement, or otherwise, to protect any rights you have to use the copyrights or pending patent applications or to defend you against claims arising from your use of the copyrights or pending patent applications. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights or pending patent applications. You may not use any of our Copyrighted Materials on the Internet without our written permission. This includes display of the Copyrighted Materials on commercial websites and social networking websites.

You and your owners and employees must agree not to communicate or use our confidential information for the benefit of anyone else during and after the term of the Franchise Agreement. You and your owners and employees must maintain the confidentiality of all information contained in the Operations Manual and other information that we consider confidential, proprietary, or trade secret information. Our “confidential information” means (i) all trade secrets and other elements of our System; (ii) information contained in the Operations Manual; (iii) menus and food ingredients, training techniques; (iv) financial information; customer information; vendor information; marketing strategies and data; (v) site selection criteria; knowledge of the of the operational results and financial performance of Killer Burger Restaurants; (vi) marketing research and advertising, marketing and promotional programs for Killer Burger Restaurants; (vii) and all other knowledge, trade secrets, or know-how concerning the operation of a Killer Burger Restaurant which may be communicated to you by virtue of operating under the terms of the Franchise Agreement, and all other information that we designate as confidential (collectively “Confidential Information”). You and your owners and employees must also agree not to use our Confidential Information at all after the Franchise Agreement terminates or expires. You and your owners can give this Confidential Information only to your employees who need it to operate your Killer Burger Restaurant. You must have your General Manager and assistant managers and any of your other personnel who have received or will have access to our Confidential Information, sign similar covenants.

If you or your employees or owners develop any new concept, process or improvement in the operation or promotion of your Killer Burger Restaurant, you must promptly notify us and give us all necessary information about the new process or improvement, without compensation. You and your owners agree that any of these concepts, processes, or improvements will become our exclusive property, that you must

sign documents we request and otherwise help us obtain intellectual property rights in them and we may use or disclose them to other franchisees, as we determine appropriate.

#### **ITEM 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

When you sign the Franchise Agreement, you must designate an individual to serve as your “Principal Operator.” The Principal Operator must be an individual holding an ownership interest in you, or, if you are an individual you will be the Principal Operator. The Principal Operator must meet our qualifications and must be approved by us. The same person must act as the Principal Operator under the Franchise Agreements for all Killer Burger Restaurants operated by you and, if applicable, your affiliates.

Unless a separate General Manager is approved by us, your Principal Operator must devote his or her full time and best efforts to the supervision of your operations under the Franchise Agreement. If you wish to appoint a General Manager, that person must devote his or her full time and best efforts to the supervision of your operations under the Franchise Agreement, must successfully complete our required training program and must be approved by us in writing. Without our written consent, your Principal Operator may not engage in any business other than the development and operation of your Killer Burger Restaurant(s). Your Principal Operator must satisfy our training requirements and our other standards. Your current and future Owners (including your Principal Operator), together with their spouses or other legal or domestic partners, must personally guaranty your performance under the Franchise Agreement.

At least 90 days before the Killer Burger Restaurant opens for business, you must designate an individual who meets our qualifications to serve as the restaurant’s General Manager and supervise the operation of your Killer Burger Restaurant. Your Principal Operator may serve as the General Manager of your Killer Burger Restaurant, but he or she may not serve as the General Manager for more than one Killer Burger Restaurant at the same time. With our written consent, you may elect to designate an individual other than your Principal Operator as General Manager. Even if we permit you to designate a General Manager to supervise your operations under the Franchise Agreement, your Principal Operator remains ultimately responsible for the General Manager’s performance. The General Manager must devote his or her full time and best efforts to the supervision of your operations under the Franchise Agreement and may not engage in any other business. Each Killer Burger Restaurant must have a different General Manager.

You must notify us promptly if your Principal Operator or any General Manager or Training Coordinator cannot continue or no longer qualifies to serve as a Principal Operator, General Manager or Training Coordinator, as applicable. You will have 30 days from the date of the notice (or from any date that we independently determine the Principal Operator or General Manager or Training Coordinator no longer meets our standards) to take corrective action acceptable to us. During that 30-day period, you must provide for interim management of your operations in compliance with the Franchise Agreement.

At our request, you must have your General Manager, Training Coordinator and any other personnel who will have access to our training, sign covenants not to compete, and such persons must maintain the confidentiality of information they have access to through their relationship with you. These covenants will be in substantially the form of Attachment B to the Franchise Agreement. We do not require that your General Manager, Training Coordinator or other personnel hold any ownership interest in the franchise.

#### **ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

All products you use or sell at the Killer Burger Restaurant must conform to our standards and specifications. These are described in our Operations Manual and other writings. You must not deviate from our standards and specifications unless we first give you our written consent. You must also comply

with all applicable laws and regulations and secure all appropriate governmental approvals for the Killer Burger Restaurant business.

You must use and sell only the products and services that we have expressly approved in writing, and you must use and sell each of the products and services we authorize for sale at Killer Burger Restaurant businesses. You must stop using or selling any products or services that we disapprove in writing. There is no limit on our right to add or remove items from our standard list of products and services, and you must promptly comply with any changes that we make to that list. You must perform all services using the procedures contained in our Operations Manual or other written instructions. You must not use or offer nonconforming products or services unless we first give you our written consent. You must open and operate the Killer Burger Restaurant during the hours we specify in the Operations Manual or otherwise in writing.

We may make available to you and may require you to purchase from us for use or resale to your customers certain merchandise, like menu items, clothing or other memorabilia, in amounts necessary to meet your customer demand.

You may only install and offer at your Killer Burger Restaurant such equipment and machines as we have expressly approved in the Operations Manual or otherwise in writing.

We reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum or other pricing requirements with respect to the prices you may charge for menu items or services.

You may not sell any products at wholesale or to any purchaser whom you know (or have reasonable grounds to suspect) intends to resell the products unless you receive our prior written consent to such sale. Any such sale must be conducted in accordance with our System Standards. We do not impose any other restrictions in the Franchise Agreement or otherwise on the menu items or products that you may offer or sell or the customers to whom you may offer or sell.

## ITEM 17: RENEWAL TERMINATION TRANSFER AND DISPUTE RESOLUTION

### THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement (FA), ADA and related agreements pertaining to renewals, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP		
Provision	Sections in Agreement	Summary
a. Length of the franchise term	FA: Section IV.A	Term is equal to 10 years.
	ADA: Section 5	Term expires on “Expiration Date” listed in Schedule A to ADA.
b. Renewal or extension of the term	FA: Section IV.B	Two additional 5-year terms.
	ADA: Not Applicable	Not Applicable
c. Requirements for you to renew or extend	FA: Section IV.B	Your renewal right permits you to remain as a franchisee after the initial term of your franchise agreement expires. However, to remain a franchisee, you must meet all required conditions to renewal, including signing our then-current Franchise Agreement, which may contain

THE FRANCHISE RELATIONSHIP		
Provision	Sections in Agreement	Summary
		materially different terms and conditions from your original contract, except that the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees. Other requirements are: give written notice; update required items; not be in default; pay all money owed; retain right to Location; pay us a renewal fee; sign general release; comply with then-current qualifications and training requirements.
	ADA: Not Applicable	Not Applicable
d. Termination by you	FA: Not Applicable	You can terminate under any grounds permitted by law, subject to state law.
	ADA: Not Applicable	You can terminate under any grounds permitted by law.
e. Termination by us without cause	FA: Not Applicable	Not Applicable
	ADA: Not Applicable	Not Applicable
f. Termination by us with cause	FA: Section XVIII	We can terminate if you default.
	ADA: Section 5	We can terminate if you default.
g. "Cause" defined - curable defaults	FA: Section XVII.C	For any default except those specified as non-curable you have 30 days to cure (5 days for failure to submit a required report or pay monies; 24 hours for misuse of the Marks; 7 days if you fail to obtain the required insurance coverages; and 10 days if you fail to comply with the noncompetition covenants).
	ADA: Not Applicable	No defaults under ADA can be cured.
h. "Cause" defined - non-curable defaults	FA: Section XVIII.A and XVIII.B	Insolvency; general assignment for benefit of creditors; bankruptcy; receivership; final judgment remains unsatisfied for 30 days or more; dissolution; execution of levy or sale after levy; foreclosure proceedings not dismissed within 30 days; operation of Killer Burger Restaurant at location that we have not accepted; failure to construct the Killer Burger Restaurant in accordance with requirements; failure to begin business within the required time period; abandonment or forfeiture of right to do business; conviction of certain crimes; threat to public health or safety; unauthorized transfer; failure to comply with certain confidentiality covenants; false records or submission of false reports; breach of any covenants or false representations; failure to comply with quality assurance program; default under any other franchise agreement and failure to cure; repeated defaults whether or not cured; assets, property or interests "blocked" under any terrorism laws or regulations or other violation of such laws

THE FRANCHISE RELATIONSHIP		
Provision	Sections in Agreement	Summary
		or regulations.
	ADA: Section 5	You cannot cure any default relating to the termination of a franchise agreement based on your default or failure to comply with any term of the ADA, including failure to pay development fee, sign a Franchise Agreement for a required Restaurant, or open a restaurant by a required opening date.
i. Your obligations on termination/non-renewal	FA: Section XIX	Stop operating your Killer Burger Restaurant and using the System's confidential methods, procedures, techniques and marks; cancel any registration containing the Marks; not use any imitation of the Marks; pay amounts due and our damages and enforcement costs; comply with confidentiality and non-competition covenants; return all Operations Manual and other proprietary materials; furnish list of advertising/sales promotion materials bearing the Marks; at our option, sell or assign us your rights in business telephone numbers, advertising and promotional materials, furnishings equipment, and the premises; modify the appearance of the Killer Burger Restaurant.
	ADA: 5	Cease development of any other restaurants unless Franchise Agreement already signed.
j. Assignment of contract by us	FA: Section XV.A	No restriction on our right to assign.
	ADA: Section 8	No restriction on our right to assign.
k. "Transfer" by you – definition	FA: Section XV.B and XV.C	Includes transfer of contract or assets, or ownership change.
	ADA: Section 7	Includes transfer of contract.
l. Our approval of transfer by you	FA: Section XV.B	We must consent and you must meet conditions before transferring.
	ADA: Section 8	We must consent before transferring.
m. Conditions for our approval of transfer	FA: Section XV.B	Pay all amounts due; not be in default; sign a general release; pay transfer fee; remain liable for pre-transfer obligations; and obtain a one-year tail on insurance policies to cover liabilities that may have been incurred prior to the transfer. Transferee must meet our criteria, complete required training, guarantee obligations; enter into then-current franchise agreement and upgrade the Killer Burger Restaurant.
	ADA: Section 8	ADA does not specify requirements for transfer other than compliance with transfer terms in Franchise Agreement.
n. Our right of first refusal to acquire your business	FA: Section XV.D	On 30 days written notice, we have the option to purchase an interest being transferred on the same terms and conditions offered by a third party.
	ADA: Section 8	Same right of first refusal set forth in Franchise Agreement.
o. Our option to purchase your business	FA: Section XIX.A(8) and (9) and XIX.B	Upon termination or expiration, we have the option to purchase your advertising materials bearing the Marks at your cost. We have the option to acquire the Location and the assets of the Killer Burger Restaurant from you (subject to any rights of approval retained by the owner of the

THE FRANCHISE RELATIONSHIP		
Provision	Sections in Agreement	Summary
		leasehold) at fair market value. If you own the land where the Killer Burger Restaurant is located, we have the option to lease the land (and any building on the land used for the operation of the Killer Burger Restaurant ), at a reasonable commercial rent. We have the option to have the lease for the premises of the Killer Burger Restaurant assigned to us.
	ADA: Not Applicable	Not Applicable
p. Your death or disability	FA: Section XV.E	On death or permanent disability of you or an Owner the person's interest must be transferred to someone we approve within 6 months.
	ADA: Not Applicable	Not Applicable
q. Non-competition covenants during the term of the franchise	FA: Section XI.C(1)	Subject to state law. You may not operate or have an interest in a business which is similar to the franchised business and which is located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which we or our affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.
	ADA: Section 7	Subject to state law. Imposes same non-competition covenants imposed under Franchise Agreement.
r. Non-competition covenants after the franchise is terminated or expires	FA: Section XI.C(2)	Subject to state law. For 2 years you may not divert any of your business or customers to a competitor or have an interest in any business that is similar to the franchised business at the Location, within the Protected Area, within a 50-mile radius of the Location, or within a 50-mile radius of any Killer Burger Restaurant then in existence or under construction.
	ADA: Section 7	Subject to state law. Imposes same non-competition covenants imposed under Franchise Agreement.
s. Modification of the agreement	FA: Section XI.A and XX.O	Except for changes we can make unilaterally, changes require mutual agreement. You must comply with the Operations Manual as amended.
	ADA: Not Applicable	Not Applicable
t. Integration/merger clause	FA: Section XX.O	Only the terms of the Franchise Agreement and attachments to Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document.
	ADA: Section 10	Only the terms of the ADA and attachments to ADA are binding (subject to state law). Any representations or promises made outside the Disclosure Document and ADA may not be enforceable. Certain terms referenced in the

THE FRANCHISE RELATIONSHIP		
Provision	Sections in Agreement	Summary
		Franchise Agreement are incorporated into the ADA under Section 9. Nothing in the ADA or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	FA: Section XX.F	Subject to state law, claims, controversies or disputes from or relating to the Franchise Agreement must be mediated, except for actions we bring for monies owed, injunctive or other equitable relief, or relief relating to real property.
	ADA: Section 10	Subject to state law, same dispute resolution provisions contained in Franchise Agreement apply to ADA.
v. Choice of forum	FA: Section XX.F and XX.G	Subject to state law, mediation at the American Arbitration Association offices nearest to our principal place of business, except actions for monies owed, injunctive relief, or relief related to real property, the Marks or confidentiality information. Subject to state law, venue for any litigation is the state courts in Multnomah County, Oregon and Federal Courts in the District of Oregon.
	ADA: Section 10	Subject to state law, same forum provisions contained in Franchise Agreement apply to ADA.
w. Choice of law	FA: Section XX.H	Subject to state law, Oregon law governs.
	ADA: Section 10	Subject to state law, same governing law provision contained in Franchise Agreement applies to ADA (i.e., Oregon law).

#### ITEM 18: PUBLIC FIGURES

We do not currently use any public figure to promote the franchise. Killer Burger reserves the right to use public figures in its future promotional efforts.

#### ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Franchise Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

The following financial performance representation includes certain sales information for 810 Killer Burger Restaurants operated by our affiliate, Killer Burger, LLC, that were open and operating for the entire 2021-2022 calendar year and 108 Killer Burger Restaurants operated by our affiliate, Killer Burger, LLC, that were open and operating for the entire 2022-2023 calendar year. All of these Killer Burger Restaurants served beer and cider, along with the food menu, during the entire 2021-2022 and 2022-2023 calendar years. 2 of these Killer Burger Restaurants have a full-bar, but neither bar operation was operated in 2021-and-2022 due to the impact of the COVID pandemic. Both bar operations operated periodically in 2023, but are not currently being operated. Each company-owned Restaurant is located in

or near Portland, Oregon, with 1 location being in Eugene, Oregon, which is approximately 100 miles south of Portland. Killer Burger, LLC, also has two outlets that operate as concession businesses: one in the Moda Center in Portland, Oregon, during the Portland Trail Blazer basketball season and select concerts, and one in Providence Park in Portland, Oregon, during the Portland Timbers [and Portland Thorns](#) soccer ~~season~~[seasons](#). These concession businesses are not included in this Item 19 because they are not similar to a franchised Killer Burger Restaurant.

The following financial performance representation also includes the same sales information for ~~34~~ franchised Killer Burger Restaurants that operated for the entire year in ~~2021~~[2022](#) and ~~47~~ franchised Killer Burger Restaurants that operated for the entire year in ~~2022~~[2023](#). Average results are shown below.

Subset: As of December 31, ~~2021~~[2022](#), we had a total of ~~16~~[19](#) Killer Burger Restaurants that were open and in operation. For the ~~2021~~[2022](#) calendar year, we have not included information in this Item 19 for the ~~13~~ franchised ~~location and 2 company-owned~~ locations that were not open and operating for the entirety of the ~~2021~~[2022](#) calendar year, and also excluded the 2 company-owned locations that operate as concession businesses. As of December 31, ~~2022~~[2023](#), we had a total of ~~19~~[23](#) Killer Burger Restaurants that were open and in operation. For the ~~2022~~[2023](#) calendar year, we have not included information in this Item 19 for the ~~3~~[1](#) franchised ~~locations~~[location](#) that ~~were~~[was](#) not open and operating for ~~the entirety~~[at least a full calendar quarter](#) of the ~~2022~~[2023](#) calendar year, and also excluded the 2 company-owned locations that operate as concession businesses.

Table A presents the historic average gross sales for all ~~11~~[14](#) Killer Burger Restaurants that were open and operating during all of the 12-month period from January 1, ~~2021~~[2022](#), to December 31, ~~2021~~[2022](#).

Table B presents the historic average gross sales for all ~~14~~[15](#) Killer Burger Restaurants that were open and operating during all the 12-month period from January 1, ~~2022~~[2023](#), to December 31, ~~2022~~[2023](#) (the "~~2022~~[2023](#) Reporting Period").

Tables C through F present the historic average gross sales for each calendar quarter of ~~2022~~[2023](#) for all ~~14~~[20](#) Killer Burger Restaurants that were open and operating [for each full calendar quarter](#) during the ~~2022~~[2023](#) Reporting Period.

Throughout Tables A through F are footnotes regarding financial operations.

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## ANNUAL RESULTS

**Table A: January 1, ~~2021~~2022 – December 31, ~~2021~~2022**

Ownership	Corporate		Franchise	
Number of Restaurants	<del>8</del> <u>10</u>		<del>3</del> <u>4</u>	
Average Gross Sales <sup>1, 2, 3</sup>	<del>\$1,314,500</del> <u>\$1,145,638</u>		<del>\$1,631,070</del> <u>\$1,537,507</u>	
Median Gross Sales	<del>\$1,252,639</del> <u>\$1,162,611</u>		<del>\$1,801,679</del> <u>\$1,620,967</u>	
Highest Gross Sales	<del>\$1,793,016</del> <u>\$1,634,694</u>		<del>\$1,882,281</del> <u>\$1,825,678</u>	
Lowest Gross Sales	<del>\$1,125,700</del> <u>\$527,700</u>		<del>\$1,209,249</del> <u>\$1,082,415</u>	
Number and percent of Restaurants that achieved or surpassed:	#	%	#	%
Average Gross Sales	<del>4</del> <u>6</u>	<del>50%</del> <u>60%</u>	<del>2</del> <u>3</u>	<del>67%</del> <u>5%</u>

Number and percent of Restaurants that achieved or surpassed:	#	%	#	%
Average Gross Sales	<del>6</del> <u>4</u>	<del>60%</del> <u>50%</u>	3	<del>75%</del> <u>43%</u>

**Table B: January 1, ~~2022~~2023 – December 31, ~~2022~~2023**

Ownership	Corporate		Franchise	
Number of Restaurants	<del>1</del> <u>08</u>		<del>4</del> <u>7</u>	
Average Gross Sales <sup>1, 2, 3</sup>	<del>\$1,144,975</del> <u>\$1,245,091</u>		<del>\$1,558,703</del> <u>\$1,396,099</u>	
Median Gross Sales	<del>\$1,167,496</del> <u>\$1,255,725</u>		<del>\$1,639,821</del> <u>\$1,327,371</u>	
Highest Gross Sales	<del>\$1,633,826</del> <u>\$1,449,761</u>		<del>\$1,864,023</del> <u>\$1,850,355</u>	
Lowest Gross Sales	<del>\$529,531</del> <u>\$967,787</u>		<del>\$1,091,149</del> <u>\$985,684</u>	

## QUARTERLY RESULTS

**Table C: Table C: January 1, 2022-2023 – March 31, 2022-2023**

Ownership	Corporate		Franchise	
Number of Restaurants	10		47	
Average Gross Sales <sup>1, 2, 3</sup>	<del>\$286,884</del>	<u>\$289,635</u>	<del>\$386,958</del>	<u>\$356,816</u>
Median Gross Sales	<del>\$286,176</del>	<u>\$293,214</u>	<del>\$411,741</del>	<u>\$345,960</u>
Highest Gross Sales	<del>\$386,995</del>	<u>\$378,873</u>	<del>\$450,061</del>	<u>\$478,040</u>
Lowest Gross Sales	<del>\$132,226</del>	<u>\$133,950</u>	<del>\$274,290</del>	<u>\$250,559</u>
Number and percent of Restaurants that achieved or surpassed:	#	%	#	%
Average Gross Sales	5	50%	34	75% 57%

**Table D: April 1, 2022-2023 – June 30, 2022-2023**

Ownership	Corporate		Franchise	
Number of Restaurants	108		49	
Average Gross Sales <sup>1, 2, 3</sup>	<del>\$301,512</del>	<u>\$319,389</u>	<del>\$396,532</del>	<u>\$373,789</u>
Median Gross Sales	<del>\$304,474</del>	<u>\$330,420</u>	<del>\$416,606</del>	<u>\$361,417</u>
Highest Gross Sales	<del>\$445,440</del>	<u>\$358,877</u>	<del>\$462,714</del>	<u>\$509,757</u>
Lowest Gross Sales	<del>\$136,583</del>	<u>\$256,911</u>	<del>\$290,201</del>	<u>\$267,722</u>

	#	%	#	%
Number and percent of Restaurants that achieved or surpassed:				
Average Gross Sales	65	60% 63%	34	75% 44%

**Table E: July 1, 2022-2023 – September 30, 2022-2023**

Ownership	Corporate		Franchise	
Number of Restaurants	108		411	
Average Gross Sales <sup>1, 2, 3</sup>	<del>\$275,128</del>	<u>\$307,131</u>	<del>\$379,283</del>	<u>\$381,996</u>
Median Gross Sales	<del>\$285,435</del>	<u>\$308,874</u>	<del>\$400,353</del>	<u>\$359,041</u>
Highest Gross Sales	<del>\$408,827</del>	<u>\$361,954</u>	<del>\$455,600</del>	<u>\$697,146</u>
Lowest Gross Sales	<del>\$127,121</del>	<u>\$229,082</u>	<del>\$260,827</del>	<u>\$234,367</u>
Number and percent of Restaurants that achieved or surpassed:	#	%	#	%
Prime Costs Average Gross Sales	4	50%	5	50% 3 75% 46% %

**Table F: October 1, 2022-2023 – December 31, 2022-2023**

Ownership	Corporate		Franchise	
Number of Restaurants	108		412	
Average Gross Sales <sup>1, 2, 3</sup>	<del>\$281,451</del>	<u>\$311,687</u>	<del>\$395,930</del>	<u>\$384,091</u>

## QUARTERLY RESULTS

Median Gross Sales	<del>\$278,280</del> <u>\$310,281</u>		<del>\$411,121</del> <u>\$370,379</u>			
Highest Gross Sales	<del>\$392,564</del> <u>\$381,800</u>		<del>\$495,648</del> <u>\$611,990</u>			
Lowest Gross Sales	<del>\$133,602</del> <u>\$242,061</u>		<del>\$265,831</del> <u>\$233,036</u>			
Number and percent of Restaurants that achieved or surpassed:						
Average Gross Sales	<u>4</u>	<u>50%</u>	5	<del>50%</del>	<del>3</del>	<del>75%</del> <u>42%</u>

**Note 1:** “Gross Sales” is the total selling price of all products and services and all income of every other kind and nature related to the Killer Burger Restaurant, whether for cash or credit and regardless of collection in the case of credit. “Gross Sales” includes: (a) All proceeds from the sale of coupons, gift cards/certificates or vouchers; but when the coupons, gift cards/certificates or vouchers are redeemed, you are not required to count the retail value of the products and services provided upon redemption in determining Gross Sales for royalty purposes or for other fees calculated in respect of Gross Sales (If you do not record and report sales proceeds for royalty purposes when the coupon, gift card/certificate or voucher is sold, or if coupons, gift cards/certificates or vouchers are distributed free of charge, you will be required to pay royalties based on the retail value of the products and services provided in exchange for the coupon, gift card/certificate or voucher.); and (b) Your share of revenues from any vending machines or other equipment, machines or devices installed in the Killer Burger Restaurant. “Gross Sales” does not include (i) sales taxes you collect from customers of the Killer Burger Restaurant, if the taxes are actually transmitted in a timely manner to the appropriate taxing authority; (ii) tips or gratuities paid directly to your employees by customers of the Killer Burger Restaurant or paid to you and turned over by you to your employees in lieu of direct tips or gratuities; (iii) returns to vendors or manufacturers; and (iv) proceeds from isolated sales of trade fixtures not constituting any part of the products and services offered for sale at the Killer Burger Restaurant or having any material effect upon the ongoing operation of the Killer Burger Restaurant.

**Note 2:** During the COVID-19 pandemic, customer use of third-party delivery services expanded greatly and remains a significant portion of the business. For third-party deliveries food prices increased to offset related charges, which are classified in operating expenses. The result is increased sales, increased operating expenses, and lower net operating margin.

**Note 3:** Sales at several company-owned Restaurants within the Portland urban market remain impacted following the COVID-19 pandemic and civil unrest. The Downtown Portland company-owned Restaurant changed from the highest selling location in 2019 to one of the lowest selling restaurants in ~~2022~~2023. Also, during 2021, our affiliate, Killer Burger, LLC, made the opportunistic decision to open 2 additional restaurants within Portland. Both of these restaurants underperformed the average location with approximate sales in ~~2022~~2023 of ~~\$1.01.2~~ million at the restaurant located at 325 NE Russell Street, Portland, OR 97212, and \$0.5 million at the restaurant located at 1620 NW 23rd Avenue, Portland, OR 97210. The NW 23rd restaurant location was closed in June 2023.

**Some outlets have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.**

Written substantiation of the data used in preparing of this financial performance representation will be made available to you upon reasonable request.

Except as stated above on this Item 19, we do not make any financial performance representations about a franchisee’s future financial performance of the past financial performance of company-owned outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Iannis (John) Dikos at 11010 SE Division St. Suite 101, Portland, Oregon 97266 or 503-954-3100, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20: OUTLETS AND FRANCHISEE INFORMATION**

Table 1 - System-wide Outlet Summary for Years <del>2020</del> 2021 to <del>2022</del> 2023				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	<del>2020</del>	<del>3</del>	<del>3</del>	<del>0</del>
	2021	3	4	+1
	2022	4	7	+3
	<u>2023</u>	<u>7</u>	<u>13</u>	<u>+6</u>
Company-Owned <sup>1</sup>	<del>2020</del>	<del>9</del>	<del>10</del>	<del>+1</del>
	2021	10	12	+2
	2022	12	12	0
	<u>2023</u>	<u>12</u>	<u>10</u>	<u>-2</u>
Total Outlets	<del>2020</del>	<del>12</del>	<del>13</del>	<del>+1</del>
	2021	13	16	+3
	2022	16	19	+3
	<u>2023</u>	<u>19</u>	<u>23</u>	<u>+4</u>

<sup>1</sup> These outlets are operated by our affiliate Killer Burger, LLC, and include two non-traditional locations at the Moda Center and Providence Park.

Table 2 - Transfers of Outlets from Franchisees to New Owners (Other than The Franchisor) for Years <del>2020</del> 2021 to <del>2022</del> 2023		
State	Year	Number of Transfers
<del>Washington</del>	<del>2020</del>	<del>0</del>
<u>Oregon</u>	2021	0
	2022	0
	<u>2023</u>	<u>1</u>
Total	<del>2020</del>	<del>0</del>
	2021	0
	2022	0
	<u>2023</u>	<u>1</u>

Table 3 - Status of Franchised Outlets For Years <del>2020</del> 2021 to <del>2022</del> 2023								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Idaho	<del>2020</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Oregon	<del>2020</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
	2021	2	0	0	0	0	0	2
	2022	2	2	0	0	0	0	4
	<u>2023</u>	<u>4</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
Washington	<del>2020</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
	2021	1	0	0	0	0	0	1

Table 3 - Status of Franchised Outlets For Years <del>2020</del> 2021 to <del>2022</del> 2023								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
	2022	1	1	0	0	0	0	2
	<u>2023</u>	<u>2</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
Totals	<del>2020</del>	<del>3</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>3</del>
	2021	3	1	0	0	0	0	4
	2022	4	3	0	0	0	0	7
	<u>2023</u>	<u>7</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13</u>

Table 4 - Status of Company-Owned <sup>1</sup> Outlets For Years <del>2020</del> 2021 to <del>2022</del> 2023							
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
<del>Oregon</del>	<del>2020</del>	<del>8</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>9</del>
<u>Oregon</u>	2021	9	2	0	0	0	11
	2022	11	0	0	0	0	11
	<u>2023</u>	<u>11</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>10</u>
Washington	<del>2020</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>
<del>Totals</del>	<del>2020</del>	<del>9</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>10</del>
<u>Totals</u>	2021	10	2	0	0	0	12
	2022	12	0	0	0	0	12
	<u>2023</u>	<u>12</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>10</u>

<sup>1</sup> These outlets are operated by our affiliate Killer Burger, LLC, and include two non-traditional locations at the Moda Center and Providence Park.

Table 5 - Projected Openings as of December 31, <del>2022</del> 2023			
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Oregon	<u>20</u>	<u>13</u>	<u>10</u>
<del>Idaho</del>	<del>0</del>	<del>1</del>	<del>0</del>
Washington	<u>10</u>	<u>0</u>	0
Total	<u>30</u>	<u>24</u>	<u>10</u>

All numbers in the Tables above are as of our fiscal year end, which ends on December 31st.

The name, business address and telephone number of each of our current franchisees is attached to this Disclosure Document as Exhibit H.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business during the most recently completed fiscal year, including one franchisee who transferred its franchise and one franchisee who signed a Franchise Agreement but never opened for business and the Franchise Agreement was terminated, or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document is listed on Exhibit I to this Disclosure Document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In the past year, franchisee(s) have signed confidentiality clauses. In some instances, current and former ~~franchisees~~franchisee(s) sign provisions restricting their ability to speak openly about their experience with Killer Burger ~~Restaurant~~Restaurants. You may wish to speak with current and former ~~franchisees~~franchisee(s), but be aware that not all such ~~franchisees~~franchisee(s) will be able to communicate with you.

As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with the Killer Burger Restaurant franchise system.

#### **ITEM 21: FINANCIAL STATEMENTS**

Attached as Exhibit E to this Disclosure Document are our unaudited financial statements for the period ended ~~June 30~~May 31, 2023~~2024~~, and our audited financial statements for the fiscal years ended December 31, ~~2022~~2023, December 31, ~~2021~~2022 and December 31, ~~2020~~2021.

#### **ITEM 22: CONTRACTS**

Attached to this Disclosure Document are the following:

- Exhibit A – Franchise Agreement, with the following attachments:
  - Attachment A – Owners’ Guaranty and Assumption Agreement
  - Attachment B – Confidentiality and Noncompetition Agreement
  - Attachment C – Designated Area, Franchise Location, Protected Area and Opening Date
  - Attachment E – Electronic Payment Authorization Agreement
  - Attachment F – Disclosure Questionnaire
  - Attachment G – Lease Addendum Rider
  - Attachment H – Assignment of Telephone Numbers
  - Attachment I – SBA Addendum
- Exhibit B – Toast Software Agreement
- Exhibit F – General Release
- Exhibit G – State Specific Addenda
- Exhibit J – Area Development Agreement
- Exhibit L – Receipt Pages

#### **ITEM 23: RECEIPTS**

Attached as the last two pages of this Disclosure Document are duplicate Receipt pages to be signed by you. Keep one for your records and return the other one to us.

*[Remainder of Page Intentionally Left Blank]*

**EXHIBIT A TO FRANCHISE DISCLOSURE DOCUMENT**  
**FRANCHISE AGREEMENT**

**KILLER BURGER RESTAURANT  
FRANCHISE AGREEMENT**

KILLER BURGER RESTAURANT  
FRANCHISE AGREEMENT

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ATTACHMENTS

- Attachment A Owners’ Guaranty and Assumption Agreement
- Attachment B Confidentiality and Noncompetition Agreement
- Attachment C Designated Area, Franchise Location, Protected Area, and Opening Date
- Attachment D Ownership and Management Information
- Attachment E Electronic Payment Authorization Agreement
- Attachment F Disclosure Questionnaire
- Attachment G Lease Addendum Terms
- Attachment H Assignment of Telephone Numbers

Attachment I Addendum to Franchise Agreement Only For Franchisees Who Obtain SBA Financing

## KILLER BURGER RESTAURANT FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “Agreement”) is made and entered into this \_\_ day of \_\_\_\_\_, 20\_\_ (the “Effective Date”), by and between Killer Burger Franchising, Inc., an Oregon corporation (“Franchisor,” “we,” “us,” or “our”) and (“Franchisee,” “you,” or “your”).

### RECITALS:

We have the right to use and license the use of a business system (the “System,” as further defined below) for the establishment and operation of fast casual restaurant businesses specializing in crafting specialty-made and gourmet burgers, fries, beer and related beverages, food products and services (each, an “Killer Burger Restaurant” or “Restaurant”).

Killer Burger Restaurants operate under the System and are identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin (the “Marks,” as further defined below).

You wish to obtain a franchise to establish and operate a Killer Burger Restaurant using the Marks and the System at the Franchise Location (defined below) specified in Attachment C to this Agreement.

We are willing to grant you a franchise to do so upon the terms and conditions set forth in this Agreement in reliance on your application and your representations made in the application and in this Agreement.

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, you and we agree as follows:

### **I. DEFINITIONS**

“Affiliate” or “Affiliates” of a named person means any person or entity that is controlled by, controlling or under common control with the named person.

“Anti-Terrorism Laws” means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

“Assistant Managers” means the assistant managers employed by you to assist in operating your Killer Burger Restaurant.

“Brand Fund” or “Fund” means the advertising, marketing, and brand fund described in Section IX.C. of this Agreement.

“Business Day” means each day other than a Saturday, Sunday, U.S. holidays or any other day on which the Federal Reserve is not open for business in the United States.

“Computer System” means the computer hardware and software (including, without limitation, back office software and point of sale software meeting our specifications) and point of sale terminals that we may designate from time to time for use in the operation of Killer Burger Restaurants.

“Confidential Information” means all proprietary and confidential information relating to the establishment and operation of Killer Burger Restaurants, including, without limitation: (i) our standards and specifications, including equipment, menu, ingredients, product, and supplier standards and specifications; (ii) site selection criteria; (iii) food preparation and service techniques and any other processes, procedures and techniques used in operating an Killer Burger Restaurant; (iv) advertising and marketing plans and programs; (v) research, development and test programs for products, services and operations; (vi) the contents of our Manuals; (vii) knowledge of the operating and financial results of Killer Burger Restaurants, other than your Killer Burger Restaurant; (viii) computer programs and systems, including electronic data files and passwords, and (ix) Improvements (as defined in Section XI.D.).

“Cooperative” means an advertising cooperative, as described in Section IX.B. of this Agreement. “Control” or “Controlling Interest” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

“Designated Area” means the non-exclusive geographic area described in Attachment C to this Agreement within which you will locate a site for your Killer Burger Restaurant.

“Killer Burger Restaurant” means the Killer Burger Restaurant operated by you at the Franchise Location pursuant to this Agreement, including all assets used in connection with its operation.

“Force Majeure” means acts of God, strikes, lockouts or other industrial disturbances, war, acts of terrorism, riot, epidemic, fire or other catastrophe or other forces beyond a party’s control.

“Franchise Location” means the address of the premises, located by you and accepted by us, at which the Killer Burger Restaurant is located, as listed in Attachment C to this Agreement.

“General Manager” means any person designated pursuant to Section VII.E.(2) of this Agreement to manage the day-to-day on-site operations of the Killer Burger Restaurant business to be operated under this Agreement.

“Gross Sales” is the total selling price of all products and services and all income of every other kind and nature related to the Killer Burger Restaurant, whether for cash or credit and regardless of collection in the case of credit. “Gross Sales” includes: (a) All proceeds from the sale of coupons, gift cards/certificates or vouchers; but when the coupons, gift cards/certificates or vouchers are redeemed, you are not required to count the retail value of the products and services provided upon redemption in determining Gross Sales for royalty purposes or for other fees calculated in respect of Gross Sales (If you do not record and report sales proceeds for royalty purposes when the coupon, gift card/certificate or voucher is sold, or if coupons, gift cards/certificates or vouchers are distributed free of charge, you will be required to pay royalties based on the retail value of the products and services provided in exchange for the coupon, gift card/certificate or voucher.); and (b) Your share of revenues from any vending machines or other equipment, machines or devices installed in the Killer Burger Restaurant. “Gross Sales” does not include (i) sales taxes you collect from customers of the Killer Burger Restaurant, if the taxes are actually transmitted in a timely manner to the appropriate taxing authority; (ii) tips or gratuities paid directly to your employees by customers of the Killer Burger Restaurant or paid to you and turned over by you to your employees in lieu of direct tips or gratuities; (iii) returns to vendors or manufacturers; and (iv)

proceeds from isolated sales of trade fixtures not constituting any part of the products and services offered for sale at the Killer Burger Restaurant or having any material effect upon the ongoing operation of the Killer Burger Restaurant.

“Gross Sales Report” means the report, in the form we require, due on the same day as the corresponding royalty payments during the term of this Agreement, itemizing the Gross Sales of the Killer Burger Restaurant for the applicable royalty period (which shall be either the period from the 1st day to 15th day of the month or the period from the 16th day of the month through the end of the month, as applicable).

“Manual” or “Manuals” means our confidential operations manual, which may consist of one or more manuals, containing our mandatory and suggested standards, specifications and operating procedures relating to the development and operation of Killer Burger Restaurants and your obligations under this Agreement. The term also includes alternative or supplemental means of communicating information to you, including bulletins, videotapes, audio tapes, compact discs, computer diskettes, CD ROMs and electronic communications.

“Marks” means the trade names, trademarks, service marks, logos, emblems and other indicia of origin that we have designated, and may hereafter designate, in writing for use in connection with the System, including, but not limited to, the mark “Killer Burger.”

“Opening Date” means the date the Killer Burger Restaurant first opens for business to the public.

“Owners” mean those persons and entities which, collectively and individually, hold an ownership interest in you and in any entity directly or indirectly controlling you.

“Principal Operator” means the Owner designated by you and approved by us as meeting our qualifications who is responsible for overseeing the day-to-day operation of the Killer Burger Restaurant.

“Protected Area” means the geographic area assigned to you upon your acquisition of the Franchise Location and described on Attachment C, within which you will be afforded the protections described in Section II.B. of this Agreement.

“Software Programs” means the proprietary or other software programs we develop or acquire for use by Killer Burger Restaurants.

“System” means our comprehensive methods and procedures for the establishment, management and operation of Killer Burger Restaurants, including the Confidential Information, our Manuals, the Marks and other business standards and policies, the distinguishing characteristics of which include, without limitation, distinctive exterior and interior design, décor, color scheme, and furnishings; special processes or techniques we have developed; uniform standards, specifications, policies and procedures for operations; quality and uniformity of the food products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs, all of which we may change, improve, further develop or otherwise modify from time to time.

“Taxes” means any present or future taxes, levies, imposts, duties or other charges of whatsoever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the franchised business, the payment of monies, or the exercise of rights granted pursuant to this Agreement, except taxes imposed by federal tax authorities on our net income.

## **II. GRANT**

A. Grant of Rights. We hereby grant you the right, and you accept the obligation, to establish and operate a Killer Burger Restaurant under the Marks and the System in accordance with this Agreement at the Franchise Location. This Agreement only grants you the right to operate the Killer Burger Restaurant at the Franchise Location in accordance with this Agreement and our standards. You are not authorized to offer any of the products and services offered by Killer Burger Restaurants at wholesale.

B. Protected Area. Your Protected Area will be described in Attachment C. Except as provided in Section II.C. and subject to your full compliance with this Agreement and any other agreement between you or your Affiliates and us or our Affiliates, neither we nor any of our Affiliates will establish, or authorize any person or entity other than you to establish, a Killer Burger Restaurant in the Protected Area during the term of this Agreement except Killer Burger Restaurants established in a Captive Venue. For purposes of this Agreement, a “Captive Venue” means a non-traditional outlet for the sale of Killer Burger products or services that is located within, or is a part of, another establishment or facility that consumers may visit for a purpose other than purchasing the Killer Burger products or services. Examples of Captive Venues include outlets for Killer Burger products or services that are located in hotels, stadiums, college campuses or universities, airports, train stations, bus stations, or within other similar types of establishments.

C. Reserved Rights. The rights granted to you under this Agreement are nonexclusive, and we and our Affiliates have and retain all rights within and outside the Protected Area except those expressly granted to you. Accordingly, we, our Affiliates, and any other authorized person or entity will have the right, among others, (i) to operate, and license others to operate, Killer Burger Restaurants at any location outside the Protected Area, including locations that are adjacent to or surrounded by the Protected Area; (ii) within and outside the Protected Area to develop and establish other business systems (including systems that distribute products or services similar to those offered at Killer Burger Restaurants) using other names or marks and to grant licenses to use those systems; (iii) to advertise and promote the System in the Protected Area; (iv) to acquire, or be acquired by, any competing system or other third party, including a competing system that has one or more units located within your Protected Area; and (v) except for the restriction in Section II.B. against the establishment of another Killer Burger Restaurant in the Protected Area, to engage, directly or indirectly, at wholesale, retail or otherwise, in the production, distribution, license and sale of any and all similar or dissimilar services and products, under the Marks or under other names or marks, within and outside the Protected Area, through any other method of distribution, including, but not limited to, mail order catalogs and the Internet, regardless of the competitive impact on the Killer Burger Restaurant.

## **III. SITE SELECTION, CONSTRUCTION AND OPENING DATE**

A. Site Selection and Acquisition. You assume all cost, liability, expense and responsibility for locating, obtaining and developing a site for the Killer Burger Restaurant within the Designated Area. You acknowledge and agree that you acquire no rights in and to the Designated Area, other than the right to select a site for the Killer Burger Restaurant from within its boundaries. Following your selection and our acceptance of a site for your Killer Burger Restaurant, the Franchise Location will be identified in Attachment C to this Agreement and the Designated Area will be of no further force or effect. In the event that multiple franchisees are searching for a site within or near a Designated Area, we reserve the right to identify and offer an approved site to the franchisee with the earliest Agreement execution date. That franchisee will have five (5) business days to accept or reject the site in writing. If rejected, the approved site will then be offered to the franchisee with the next oldest Agreement execution date. This process may continue with each subsequent franchisee by order of the execution date of its Agreement.

(1) To assist you in your selection of a site for your Killer Burger Restaurant, we will provide to you: (i) our written site selection guidelines and such site selection assistance as we deem advisable; and (ii) such on-site evaluation as we may deem necessary; provided, that we will not provide an on-site evaluation for any proposed site before receiving all required information and materials required pursuant to Section III.A(2) below and, in our discretion, before receiving such information for multiple proposed sites.

(2) Before acquiring a site for the Killer Burger Restaurant, you must submit to us, in the form specified by us, a description of the site, evidence satisfactory to us demonstrating that the site satisfies our site selection guidelines, and such other information and materials as we may reasonably require, including, but not limited to, a final, complete copy of the lease (which must incorporate a rider in substantially the form attached hereto as Attachment G) or contract of sale for the site for your Killer Burger Restaurant. Such lease or contract for sale may not be signed by you unless it includes a rider in substantially the form attached hereto as Attachment G and is submitted to, and approved by, us in advance.

(3) We shall have thirty (30) days after receiving all required site information to accept or reject, in our sole discretion, the proposed site as the location for your Killer Burger Restaurant. No site may be used for a Killer Burger Restaurant unless it is first accepted in writing by us, and you shall not make any binding commitment with respect to a site for your Killer Burger Restaurant unless the site is first accepted in writing by us. If we accept multiple sites for the Killer Burger Restaurant, you shall notify us in writing within five days of the date of such acceptance of the site that you intend to acquire for the Killer Burger Restaurant. You acknowledge that our acceptance of a prospective site and the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by us that the Killer Burger Restaurant operated at that site will be profitable or otherwise successful.

(4) Promptly following our acceptance of the site for your Killer Burger Restaurant, you shall acquire the site by purchase or lease, at your expense. You agree to furnish to us a copy of the executed lease or contract of sale within ten (10) days after execution.

(5) After we accept the site and you acquire the site pursuant to this Agreement, the address of the site shall be entered on Attachment C to this Agreement as the Franchise Location and the Protected Area around the Franchise Location will be described on Attachment C.

B. Franchise Location; Relocation. You have been granted the right to operate a Killer Burger Restaurant at the Franchise Location listed in Attachment C to this Agreement. You must not relocate the Killer Burger Restaurant without our express prior written consent. If you are unable to continue the operation of the Killer Burger Restaurant at the Franchise Location because of the occurrence of an event of Force Majeure or for other reasons not constituting an event of default under this Agreement, you may request our consent to relocate the Killer Burger Restaurant to another location in the Protected Area. Such request must be submitted to us as soon as possible (but in no event longer than 10 days) after the date you discover you will be unable to continue the operation of the Killer Burger Restaurant at the Franchise Location. If we grant you the right to relocate the Killer Burger Restaurant, you must comply with such reasonable site selection and construction procedures as we may require.

C. Licenses; Permits. You are responsible for obtaining all zoning classifications and clearances which may be required by any laws, ordinances, regulations, or restrictive covenants relating to the construction and operation of the Killer Burger Restaurant at the Franchise Location, and you must conform the premises as needed to comply with any local ordinances and building codes at your expense. Before beginning construction of the Killer Burger Restaurant, you must (i) obtain all approvals, clearances, permits, licenses and certifications required for the lawful construction or remodeling and operation of the Killer Burger Restaurant, and (ii) certify in writing to us that they have been obtained and that the insurance coverage specified in Section XIII. of this Agreement is in full force and effect. At our request, you agree to provide to us copies of all such approvals, clearances, permits, licenses and certifications.

D. Construction and Finish Out. You must obtain, at your expense, all architectural, engineering, design, construction and other services necessary for the construction of the Killer Burger Restaurant, and unless otherwise agreed by us in writing, you must retain the architecture and design firm designated by us to prepare the initial plans and drawings for your Killer Burger Restaurant. In addition to using our designated architecture and design firm, any other architect(s) and engineer(s) that you may select to assist with the planning and oversight of construction of your Killer Burger Restaurant must be approved by us before beginning their work on the Killer Burger Restaurant. We may, but are not obligated to, provide you a list of approved architect(s) and engineer(s).

(1) If you wish to make any adjustments to the initial architectural and design plans and specifications for the Killer Burger Restaurant, which will be created by the architecture and design firm designated by us, you must submit the revised plans to us for review within forty-five (45) days after you receive the initial plans. We will notify you of any objections to the revised plans within fifteen (15) days of receiving them. If we fail to notify you of an objection to the plans within the fifteen (15) day period, you may use the plans. If we object to the plans, we will provide you with a reasonably detailed list of the changes needed to make the plans consistent with System standards. We will notify you within fifteen (15) days of receiving revised plans incorporating such changes, whether the revised plans are acceptable. If we fail to notify you of any objection within such fifteen (15) day period, you may use the revised plans. You acknowledge that our review of the plans is only for the purpose of determining compliance with System standards, and that our acceptance of the plans does not constitute a representation, warranty, or guarantee, express or implied, that the plans are accurate or free of error concerning their structural application. We are not responsible for architecture or engineering, or for code, zoning, or other requirements of the laws, ordinances or regulations of any federal, state, local, or municipal governmental body, including, without limitation, any requirement relating to accessibility by disabled persons or others, nor are we responsible for any errors, omissions, or discrepancies of any nature in the plans.

(2) You must promptly commence and diligently pursue construction of the Killer Burger Restaurant using a contractor that we either designate or approve, in our discretion. During construction, you agree to provide us with such periodic progress reports as we may reasonably request. In addition, we will make such on-site inspections as we may deem reasonably necessary to evaluate your progress. You agree to notify us of the scheduled date for completion of construction no later than forty-five (45) days prior to such date. Within a reasonable time after the date construction is completed, we will, at our option, conduct an inspection of the completed Killer Burger Restaurant. You must not open the Killer Burger Restaurant for business without our written

authorization, which will be conditioned upon your strict compliance with this Agreement.

E. Opening Date. You must open the Killer Burger Restaurant and commence business within three hundred sixty-five (365) days after the Effective Date of this Agreement, unless you obtain a written extension of such time period from us. You acknowledge that time is of the essence. Before the Opening Date, you must complete all exterior and interior preparations for the Killer Burger Restaurant, including installation of equipment, fixtures, furnishings and signs, pursuant to the plans and specifications we have approved, and must comply with all other pre-opening obligations. If you fail to comply with any of these obligations, we have the right to prohibit you from opening the Killer Burger Restaurant. Your failure to timely open the Killer Burger Restaurant in compliance with these provisions will be deemed a material event of default under this Agreement.

#### **IV. TERM AND RENEWAL**

A. Term. Unless sooner terminated as provided in this Agreement, the term of this Agreement will begin on the Effective Date and will continue until ten (10) years from the Opening Date.

B. Renewal. You may, at your option, renew your rights under this Agreement for two (2) additional consecutive terms of five (5) years, subject to any or all of the following conditions which must, at our option, be met prior to and at the time of each renewal:

- (1) You must give us written notice of your election to renew not less than six (6) months nor more than nine (9) months before the end of the initial term;
- (2) You must refurbish, repair or replace, at your expense, all equipment, Computer Systems, signs, interior and exterior décor items, fixtures, furnishings, supplies and other items required for the operation of the Killer Burger Restaurant as we may reasonably require and must otherwise upgrade the Killer Burger Restaurant to reflect the then-current standards and image of the System, provided that you will not be required to spend more than \$50,000 under this Section IV.B(2);
- (3) You must not be in default of this Agreement, neither you nor your Affiliates may be in default of any other agreement with us or any of our Affiliates; and you and your Affiliates shall have substantially and timely complied with the terms and conditions of such agreements during their respective terms;
- (4) You must have timely satisfied all monetary obligations owed to us and our Affiliates under this Agreement and any other agreement between you or any of your Affiliates and us or any of our Affiliates;
- (5) You must present evidence satisfactory to us that you have the right to remain in
- (6) possession of the Franchise Location during the entire renewal term or obtain our consent to a new site for the Killer Burger Restaurant;
- (7) You must execute our then-current form of renewal franchise agreement, which will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, except that the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees;

(8) You and your Owners must execute a general release of any and all claims against us, our Affiliates, and our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement or under federal, state or local laws, rules, regulations or orders;

(9) You must pay us a renewal fee in an amount equal to Twenty-Five Percent (25%) of our then-current initial franchise fee, provided that the renewal fee will not exceed \$10,000; and

(10) You must comply with our then-current franchisee qualification and training requirements.

## V. FEES

A. Initial Franchise Fee. You agree to pay us an initial franchise fee of Forty Thousand Dollars (\$40,000) upon the execution of this Agreement. The initial franchise fee shall be deemed fully earned and nonrefundable upon receipt by us. If you desire to purchase licenses for additional Restaurants, we may, in our sole discretion, grant you additional licenses if you meet the following minimum conditions: (1) you satisfy our then-current qualifications and training requirements; (2) you execute our then-current form of franchise agreement; and (3) you pay us our then-current initial franchise fee for each additional Restaurant license.

B. Royalty Fee. During the term of this Agreement, you agree to pay to us a continuing periodic royalty fee in an amount equal to five percent (5%) of the Killer Burger Restaurant's Gross Sales for the immediately preceding royalty period (which shall be either the period from the 1st day to 15th day of the month or the period from the 16th day of the month through the end of the month, as applicable). You must pay the royalty fee via electronic funds transfer, or any other means we reasonably specify. The royalty fee will be due on the 1st day and the 16th day of each month during the term of this Agreement. If the date on which a royalty payment would otherwise be due is not a Business Day, then payment shall be due on the next Business Day. On each royalty due date during the term of this Agreement, you must provide a Gross Sales Report to us for the applicable royalty period.

C. Monthly Software and Technology Licensing and Support Fee. On or before the 1st day of each month throughout the term of this Agreement, you must pay us a Monthly Software and Technology Licensing and Support Fee in the amount of \$150 per Restaurant per month, commencing on the date you begin using the Software Program and prior to the date you first open your Killer Burger Restaurant for business. We may, in our sole discretion, increase the amount of the Monthly Software and Technology Licensing and Support Fees upon 30 days' prior written notice to you.

D. Site Plan and Design Fee. You are not currently required to pay a Site Plan and Design Fee. However, we reserve the right to implement such a fee in the future at our discretion if you request our assistance with preparing or revising your site plans and designs.

E. Other Fees and Payments. In addition to the initial franchise fee and periodic royalty payments, you must pay when due all other fees or amounts described in this Agreement and in any other agreement between you and us or our Affiliates.

F. Past Due Amounts; Acceptance and Application of Payments.

(1) Any payment not actually received by us on or before the applicable due date will be deemed past due. All past due obligations under this Agreement will bear interest from the date due until paid at the lesser of eighteen percent (18%) per annum, or the maximum rate allowed by applicable law. No provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment to reduce any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder, then such excess shall be repaid to the party making the payment. You also agree to pay us a late payment fee equal to \$100 for each delinquent payment under this Agreement.

(2) Our acceptance of any payments delivered subsequent to the applicable due date shall not be deemed to be a waiver by us of any preceding breach by you or your Owners of any terms, provisions, covenants or conditions of this Agreement.

(3) We have the right to apply any payment we receive from you to any amounts you owe us or our Affiliates under this Agreement or any other agreement, even if you have designated the payment for another purpose or account. We may accept any check or payment in any amount from you without prejudice to our right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere shall constitute or be considered as an accord or satisfaction.

(4) You have no right to withhold any payments due to us on account of our breach or alleged breach of this Agreement, and no right to offset any amount due to us against any obligation that we may owe to you.

(5) Each payment to be made to us shall be made free and clear and without deduction for any Taxes.

G. Electronic Funds Transfer. You agree to execute Attachment E to this Agreement and all other documents necessary to permit us to withdraw funds from your designated bank account by electronic funds transfer (“EFT”) in the amount of the royalty fee, the Brand Fund contribution (described in Section IX.C.), and any other amounts due under this Agreement at the time such amounts become due and payable under the terms of this Agreement. Any fee calculated by reference to Gross Sales will be based on the information we obtain pursuant to Section XII.C. of this Agreement or the Gross Sales Report. If we have not received a Gross Sales Report within the time period required by this Agreement, then we may process an EFT for the applicable royalty period based on the most recent Gross Sales Report provided to us by you; provided, that if a Gross Sales Report for the applicable royalty period is subsequently received and reflects (i) that the actual amount of the fee due was more than the amount of the EFT, then we will be entitled to withdraw additional funds through EFT from your designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the EFT, then we will credit the excess amount to the payment of your future obligations. Should your bank fail to honor any EFT for any reason, you agree that you will be responsible for promptly delivering such payment directly to us and reimbursing us for any service charge or other costs or expenses we incur. If any payments are not received when due, interest may be charged in accordance with Section V.F. Upon written notice to you, we may designate another method of payment.

## VI. OUR OBLIGATIONS

We agree to provide the following services or cause them to be provided to you:

A. Manuals. We will loan you one (1) set of the Manuals (in electronic format only). The Manual is incorporated by reference into this Agreement and is a binding part of this Agreement. The Manual is part of the confidential, proprietary information that we make available to you during the term of this Agreement and you may not at any time copy, duplicate or disclose it to any third party without our prior written consent. The Manual contains mandatory and suggested specifications, standards, operating procedures and rules that we periodically prescribe for operating a Killer Burger Restaurant. We may modify the Manual periodically upon reasonable notice to you to reflect changes in System standards. If there is a dispute over its contents, our master copy of the most current version of the Manual controls. Any personnel policies or procedures which are made available in the Manual are for your optional use and are not mandatory. You shall determine to what extent, if any, any personnel policies and procedures may be applicable to your Restaurant operations in your jurisdiction. You and we recognize that we neither dictate or control labor and employment matters for you and your employees.

B. Training. An initial training program for your Principal Operator, General Manager and Training Coordinator, and additional training programs in accordance with Section VIII.A. Upon your reasonable request or if we determine it to be necessary during the term of this Agreement, on-site remedial training; provided, that remedial training will be conducted subject to the availability of our personnel, and provided further, that we may require you to pay the per diem fee we are then charging for on-site remedial training, and pay or reimburse us for the expenses incurred by our representatives, including the costs of travel, lodging, and meals. You are responsible for the training of your staff.

C. Opening Assistance. Such on-site pre-opening and opening assistance as we reasonably deem necessary. In connection with the opening of your Killer Burger Restaurant, one or more of our representatives shall provide on-site assistance to you at your Killer Burger Restaurant for up to five days prior to the Opening Date and up to ten days following the Opening Date, as we reasonably deem necessary.

D. Software Programs. For a reasonable fee, any Software Programs that we acquire or develop for use in the System; provided, that we are under no obligation to develop or acquire such Software Programs.

E. Inspections. Inspections of the Killer Burger Restaurant and evaluations of the products sold and services offered and sold at and from the Killer Burger Restaurant from time to time as reasonably determined by us.

F. Advertising. Administration of a Brand Fund in accordance with Article IX. We may also provide to you, at a reasonable cost, any advertising and promotional materials we may develop from time to time for use in marketing and promoting Killer Burger Restaurants.

G. Operational Advice. Advice and written materials concerning techniques for managing and operating Killer Burger Restaurants, including new developments and improvements in the System.

H. Collateral Merchandise; Equipment; Décor Items. From time to time in our discretion and at a reasonable cost, certain merchandise identifying the System, such as clothing other System memorabilia, in sufficient amounts to meet customer demand, and/or certain equipment, décor items or other products and services.

I. Approved Suppliers. From time to time as we deem appropriate a list of approved suppliers.

## VII. YOUR REPRESENTATIONS, WARRANTIES AND COVENANTS

### A. Your Investigation of this Franchise.

(1) You acknowledge having received our franchise disclosure document (a) at least fourteen days before signing a binding agreement or making any payment to us, or (b) if applicable, by the time required by your state's law as specified in the Disclosure Questionnaire attached hereto as Attachment F. You acknowledge that this Agreement contains no changes from the form of franchise agreement attached to our franchise disclosure document other than changes made with your knowledge and pursuant to negotiations between you and us. You further acknowledge that you have read this Agreement and our franchise disclosure document and that you understand the terms of this Agreement and accept them as being reasonably necessary for us to maintain the uniformity of Killer Burger Restaurants and to protect the goodwill of the Marks and the integrity of the System.

(2) You have conducted an independent investigation of the business contemplated by this Agreement and recognize that an investment in a Killer Burger Restaurant involves business risks; that your success is largely dependent on your own abilities and efforts; and that the nature of Killer Burger Restaurants may change over time. You have not received or relied on any guaranty or assurance, express or implied, as to the revenues, profits or success of the business contemplated by this Agreement.

(3) You understand and agree that we may operate and change the System and our business in any manner that is not expressly and specifically prohibited by this Agreement.

(4) Whenever we have expressly reserved in this Agreement, or are deemed to have, a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, then except as otherwise expressly and specifically provided in this Agreement, we may make our decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests, including, without limitation, our judgment of what is in the best interests of our franchise network, at the time our decision is made or our right or discretion is exercised, without regard to whether: (i) other reasonable alternative decisions or actions could have been made by us; (ii) our decision or the action we take promotes our financial or other individual interest; (iii) our decision or the action we take applies differently to you and one or more other franchisees or our company-owned operations; or (iv) our decision or the exercise of our right or discretion is adverse to your interests. In the absence of an applicable statute, we will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations hereunder.

B. Your Organization. If you are a corporation, partnership, limited liability company or other legal entity:

- (1) You are duly organized and validly existing under the law of the state of your formation;
- (2) You are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification;
- (3) Your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the operation of Killer Burger Restaurants. You warrant and represent that neither you nor any of your Affiliates or Owners own, operate or have any financial or beneficial interest in any business that is the same as or similar to a Killer Burger Restaurant (including any business that offers and sells hamburgers and related products);
- (4) The execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under your written partnership or limited liability company agreement and have been duly authorized; and
- (5) You have provided to us prior to the execution of this Agreement, and will from time to time during the term of this Agreement at our request provide to us, copies of your articles of incorporation and bylaws or, as applicable, your written partnership or limited liability company agreement, other governing documents, any amendments to them, resolutions authorizing your entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of your stock or other ownership interests and any other documents that we may reasonably request.

C. Your Owners.

- (1) If you are a corporation, partnership, limited liability company or other legal entity, the ownership interests in you are accurately and completely described in Attachment D. You agree to maintain at all times a current list of all your Owners and to make your list of Owners available to us upon request.
- (2) If you are a corporation, you agree to maintain stop-transfer instructions against the transfer on your records of any of your equity securities and to conspicuously endorse each stock certificate with a statement, in a form satisfactory to us, that it is held subject to all restrictions imposed upon assignments by this Agreement. If you are a partnership or limited liability company, your written partnership or limited liability company agreement shall provide that ownership of an interest in the partnership or limited liability company is held subject to all restrictions imposed upon assignments by this Agreement.
- (3) Unless otherwise agreed in writing by us, you must cause each of your Owners and their spouses and domestic or legal partners, if any, to execute the Guaranty and Assumption Agreement attached as Attachment A to his Agreement, jointly and severally

guarantying your performance under this Agreement and otherwise binding themselves to the terms of this Agreement as stated therein.

D. Your Financial Covenants.

(1) You have provided to us your most recent financial statements. These financial statements present fairly your financial position at the dates indicated therein and the results of your operations and cash flow for the years then ended. Each of the financial statements are certified as true and correct and have been prepared in conformity with generally accepted accounting principles and, except as expressly described in the applicable notes, applied on a consistent basis. There are no material liabilities, adverse claims, commitments or obligations of any nature, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on the financial statements.

(2) At our request, you agree to provide us with any and all loan or other documents regarding the financing of the Killer Burger Restaurant.

(3) You agree to maintain at all times during the term of this Agreement sufficient working capital to fulfill your obligations under this Agreement.

E. Your Management.

(1) You agree to designate upon the execution of this Agreement, and to retain at all times during the term of this Agreement, an individual to serve as your Principal Operator. The Principal Operator must meet our qualifications and must be approved by us. Unless a separate General Manager is approved by us as described in Section VII.E(2), your Principal Operator must devote full time and best efforts to the supervision of the Killer Burger Restaurant(s) operated by you and your Affiliates. Without our written consent, your Principal Operator shall not engage in any business other than the operation of your Killer Burger Restaurant(s). Your Principal Operator and any General Manager whom we approve must be empowered with full authority to act for you.

(2) You agree to designate not later than ninety (90) days before the Opening Date and to retain at all times during the term of this Agreement a General Manager who meets our qualifications to supervise the operation of your Killer Burger Restaurant. Your Principal Operator may serve as the General Manager of your Killer Burger Restaurant, provided that he or she may not serve as the General Manager for more than one Killer Burger Restaurant at the same time. Subject to our written consent, you may elect to designate an individual other than your Principal Operator for the position of General Manager. Your General Manager must devote full time and best efforts to the supervision of the Killer Burger Restaurant operated by you and your Affiliates and, without our written consent, shall not engage in any other business. You acknowledge and agree that the appointment of a General Manager will not relieve your Principal Operator of his or her supervisory responsibilities for the operation of your Killer Burger Restaurant. You and your Principal Operator shall remain fully responsible for your General Manager's performance. Each Killer Burger Restaurant must have a different General Manager.

(3) You agree to designate not later than thirty (30) days before the Opening Date and to retain at all times during the term of this Agreement the required number of Training Coordinators as determined by us from time to time, but in no event less than

one (1) Training Coordinator. The Training Coordinators shall meet our qualifications, shall devote full time and best efforts to the day-to-day operation and management of the Killer Burger Restaurant and shall not engage in any other business activity without our prior written consent.

(4) The names of your Principal Operator, General Manager and Training Coordinator shall be listed in Attachment D to this Agreement and you agree to keep such information current at all times during the term of this Agreement. You must promptly notify us in writing if your Principal Operator or any General Manager or Training Coordinator cannot continue or no longer qualifies to serve in that capacity and must take corrective action within thirty (30) days after any such notice. During such thirty (30) day period, you must provide for interim management of your operations in accordance with this Agreement. Any failure to comply with this Section VII.E. will be a material breach of this Agreement.

F. Legal Compliance. In addition to complying with your obligations under this Agreement, you agree to comply with all applicable federal, state and local laws, rules, regulations, ordinances and orders. Such laws, rules, regulations, ordinances and orders vary from jurisdiction to jurisdiction and may be amended or implemented or interpreted in a different manner from time to time. It is your sole responsibility to remain informed and aware of the existence and requirements of all such laws, rules, regulations, ordinances and orders, and to adhere to them at all times during the term of this Agreement. Without limiting the foregoing, you certify that neither you nor any of your Owners, employees or anyone associated with you is listed in connection with any Anti- Terrorism Law and you agree not to hire or have any dealings with a person so listed. You further certify that you have no knowledge or information that, if generally known, would result in you, your Owners, employees, or anyone associated with you being so listed. You agree to comply with and/or assist us to the fullest extent possible in our efforts to comply with the Anti-Terrorism Laws and, in connection with such compliance, you represent and warrant that none of your property or interests are subject to being “blocked” under any of the Anti-Terrorism Laws and that you and your Owners are not otherwise in violation of any of the Anti-Terrorism Laws. You also agree to comply with all payment card infrastructure (“PCI”) industry and government security standards and requirements designed to protect cardholder data. PCI standards apply to both technical and operational aspects of credit card and other payment card transactions and apply to all organizations which store, process or transmit cardholder data. You acknowledge and agree that you shall be solely responsible for any costs, expenses, damages or other liabilities incurred by you or us as a result of, or in connection with, your failure to comply with any PCI standards. You agree to provide, in the form and manner that we approve, notice to your customers that you are an independently owned and operated franchisee as well as notice to your customers that you are their sole employer.

G. Powers of Attorney. You hereby appoint us as your true and lawful attorney-in-fact, with full power and authority (i) to assign to us upon the termination or expiration of this Agreement (a) all rights to the telephone numbers of the Killer Burger Restaurant, any related business listings, and all rights to any website listings or services, search engines or systems, and any other business listings related to the Killer Burger Restaurant and (b) at our option, your interest in any lease for the Franchise Location and any equipment used in the operation of the Killer Burger Restaurant; and (ii) to obtain any and all returns and reports related to the Killer Burger Restaurant that you file with any local, state or federal taxing authority. Such powers of attorney shall survive the expiration or termination of this Agreement, and you agree to execute such forms and documents as we deem necessary to appoint us your true and lawful attorney-in-fact with full power and authority for the foregoing purposes.

H. Continuing Obligations. You and you Owners make the foregoing representations, warranties and covenants understanding that such representations, warranties and covenants are continuing obligations. You agree to cooperate with us to verify your and your Owners' continuing compliance with such representations, warranties and covenants. Any failure to comply with these representations, warranties and covenants will constitute a material event of default under this Agreement.

## VIII. OPERATIONS

A. Training. Your Principal Operator must successfully complete our four week Management Training Program at least 3 months prior to opening. Your General Manager and Training Coordinator must successfully complete our three week Management Training Program in same training session no later than 2 weeks prior to your Opening Date. These individuals must also attend the four weeks of pre-opening day and post-opening day training that we will provide in your restaurant. Any successor or replacement Principal Operator or General Manager must successfully complete our Management Training Program within a reasonable time after such persons are designated, provided that each successor or replacement must successfully complete training no more than sixty (60) days after the date on which his or her predecessor ceased to be employed by you (or ceased to serve as Principal Operator, as applicable). These persons, and any of your other personnel whom we may designate, must attend and complete any additional training that we may require from time to time. In addition, we may, at our option, conduct periodic franchisee conventions no less than annually at a location designated by us, and your Principal Operator and/or General Manager must attend such mandatory conventions. At our option, we may certify your Principal Operator, General Manager or your Training Coordinator (following their completion of all applicable training as required by us) as a "Certified Trainer" authorized to provide and conduct one or more designated training programs (as determined by us) for new or replacement employees at your Killer Burger Restaurant; provided, however, that we reserve the right to test any employees trained by a Certified Trainer and to require any Certified Trainer and any of your employees to successfully complete additional training programs conducted by us from time to time. Initial management training for your Principal Operator, General Manager and Training Coordinator is provided at our offices in Portland, Oregon (or other location(s) we designate, including virtually) at no charge; however, we reserve the right to charge a reasonable fee for training any additional persons, including any successor or replacement personnel, and for any additional training programs. Such additional training shall be conducted at locations we designate, including virtually. You are responsible for any and all expenses incurred in connection with any initial or additional training and attendance at any franchisee conventions, including, without limitation, the costs of travel, lodging, meals and wages incurred by you and your personnel. If any Principal Operator or General Manager fails, in our sole judgment, to satisfactorily complete our management training program, and you fail to cure such default within ninety (90) days following written notice from us, we may terminate this Agreement. You are responsible for the proper training for all of your staff consistent with our standards and System. You shall also establish with your staff that you are their sole employer.

B. Standards Compliance. You acknowledge the importance of maintaining uniformity among all of the Killer Burger Restaurants and the importance of complying with all of our standards and specifications relating to the operation of the Killer Burger Restaurants. To protect the reputation and goodwill of the System and to maintain high standards of operation under the Marks, you agree to conduct your business in accordance with the System standards contained in this Agreement, the Manuals, other written directives which we may issue to you from time to time, and any other manuals and materials created or approved for use in the operation of Killer Burger Restaurants, and that we may issue and enforce policies and regulations that clarify and uphold those System standards.

C. Maintenance of Killer Burger Restaurant. You agree to maintain the Killer Burger Restaurant in a high degree of sanitation and repair, and to make such additions, alterations, repairs and replacements as may be required for that purpose, including, without limitation, such periodic repainting or replacement of signs, furnishings, décor, and equipment (including, but not limited to, Computer

Systems) as we may reasonably direct. You also agree to obtain, at your expense, any new or additional equipment (including, but not limited to, point of sale or Computer Systems), fixtures, kitchen equipment, supplies and other products and materials which we may reasonably require for you to offer and sell new food products from the Killer Burger Restaurant or to provide such services or products by alternative means. Notwithstanding the foregoing, you will not be required by us to spend more than \$10,000 during any calendar year under this Section VIII.C. No alterations, improvements or changes of any kind in design, equipment, signs, interior or exterior décor items, fixtures or furnishings shall be made in or about the Killer Burger Restaurant without our prior written approval.

D. Upgrade of Killer Burger Restaurant. Promptly upon our request, you must make improvements, renovations, updates and upgrades to the Killer Burger Restaurant to conform it to our then-current standards and specifications. Without limiting the foregoing, you agree that, if we request, you will make any capital improvements required by this Section VIII.D. on or after the fifth (5th) anniversary of the Opening Date, or at such other time during the term of this Agreement that a majority of the Killer Burger Restaurants then operated by us or our Affiliates have made or are utilizing best efforts to make such improvements. Notwithstanding the foregoing, you will not be required to spend more than \$25,000 on an update, upgrade or renovation under this Section VIII.D.

E. Sourcing.

(1) You agree to comply with all of our standards and specifications for the purchase of all inventory, supplies, materials, fixtures, furnishings, equipment, Computer Systems, and other products used or offered for sale at the Killer Burger Restaurant. If we have approved or designated suppliers (which may include us or our Affiliates or third party manufacturers, distributors and other sources) for any such item, you agree to obtain these items from those suppliers. Our approved or designated suppliers are those who demonstrate on a continuing basis the ability to meet our standards and specifications; who have adequate quality controls and the capacity to supply the needs of the Killer Burger Restaurant franchise network promptly and reliably over an extended period of time; and who have been approved in writing by us and who have not thereafter been disapproved by us. We may designate ourselves, our Affiliates or a third party as an approved or designated supplier, or as the sole approved or designated supplier of any item. You agree that we and our Affiliates may derive revenue based on your purchases and leases (including, without limitation, from charging you for products and services we or our Affiliates provide to you and from payments made to us or our Affiliates by suppliers that we designate or approve for some or all of our franchisees).

(2) If you wish to use any item, product or service that we have not yet evaluated or (for items that we require you to purchase from designated or approved suppliers) if you wish to purchase or lease any such item from a supplier that we have not yet approved, you must submit a written request for approval to us. You cannot purchase or lease any such item unless the supplier has been approved in writing by us. We are not required to approve any particular supplier. We will have the right to require you to submit information, specifications and samples to us to enable us to determine whether the item complies with our standards and specifications and that the supplier meets our criteria. We also have the right to send our representatives to inspect the supplier's facilities and to have samples from the supplier be delivered to us or to an independent laboratory designated by us for testing. You or the proposed supplier will be required to pay for the cost of the inspection and the test (including our administrative expenses) and reimburse

us for any costs or expenses we incur in connection with the evaluation of your proposed supplier. We may condition our approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria. We reserve the right to re-inspect from time to time the facilities and products of any approved supplier and to revoke our approval of the supplier if the supplier fails to continue to meet any of our criteria. If we revoke our approval of any supplier, you agree to promptly discontinue use of that supplier. Your failure to comply with the provisions of this Section VIII.E. shall be deemed a material breach under this Agreement.

F. Operational Requirements. You agree to operate the Killer Burger Restaurant in full conformity with our methods, standards and specifications as set forth in the Manuals and as from time to time otherwise prescribed in writing. Without limitation of the foregoing, you agree:

(1) To sell or offer for sale all products we require using the method and manner of distribution we prescribe. Distribution methods must be expressly authorized by us in writing in the Manuals or otherwise;

(2) To sell and offer for sale only the products or ingredients that we have expressly approved for sale in writing; to discontinue selling and offering for sale any products or ingredients and any method or manner distribution which we may disapprove in writing at any time;

(3) To maintain in sufficient supply and to use and sell at all times only those items, products, ingredients and supplies that conform to our standards and specifications; to conduct all services in accordance with our standards, specifications and procedures; to use the brand and/or type of products we require; and to refrain from deviating from our standards and specifications by using or offering non-conforming products or services without our prior written consent;

(4) To permit us or our agents, at any reasonable time, to remove samples of any items from the Killer Burger Restaurant, without payment, in amounts reasonably necessary for testing to determine whether such samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if the supplier of the item has not previously been approved by us or if the sample fails to conform to our specifications;

(5) To purchase or lease and install, at your expense, all fixtures, furnishings, equipment, Computer Systems, décor items, signs, and related items that we may reasonably direct from time to time; and to refrain from installing or permitting to be installed in or about the Killer Burger Restaurant, without our prior written consent, any fixtures, furnishings, equipment, décor items, signs, vending machines or other items not previously approved as meeting our standards and specifications;

(6) To grant us and our agents the right to enter the Killer Burger Restaurant at any reasonable time to conduct inspections; to cooperate with our representatives conducting the inspections by rendering such assistance as they may reasonably request; and, upon notice from us or our agents (and without limiting our other rights under this Agreement), to take any and all steps that may be necessary to correct promptly any deficiencies detected during an inspection. If you fail for any reason to correct such deficiencies

within a reasonable time, as determined by us, we will have the right and authority (but no obligation) to correct the deficiencies and to charge you a reasonable fee, payable on demand, for our expenses in taking the corrective action (including, without limitation, any necessary re-inspection);

(7) To at all times operate your Killer Burger Restaurant under the direct, on-site supervision of at least one person who has successfully completed our management training program pursuant to Section VIII.A of this Agreement; to at all times maintain a competent, conscientious, trained staff and to take any and all steps necessary to ensure that your employees preserve good customer relations and comply with any dress code we may prescribe;

(8) To only install and offer at the Killer Burger Restaurant such equipment, machines, games and activities (such as vending machines, video games or other devices) as we have expressly approved in the Manuals or otherwise in writing; and

(9) To keep the Killer Burger Restaurant open and in operation for the days and hours that we may from time to time prescribe.

G. Computer Systems. You agree to use the Computer System (if any) that we specify from time to time for use in the operation of the Killer Burger Restaurant. You acknowledge that we may modify the specifications and the components of any such Computer System from time to time. As part of the Computer System, we may require you to obtain specified computer hardware and/or software, including, without limitation, a license to use Software Programs developed by us or others. Changes to the Computer System specifications may require you to incur costs to purchase, lease and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System during the term of this Agreement. You acknowledge that we cannot estimate the future costs of the Computer System (or additions or modifications thereto) and that the cost to you of obtaining the Computer System (including software licenses) or additions or modification thereto may not be fully amortizable over the remaining term of this Agreement. Nonetheless, you agree to incur such costs. Within sixty (60) days after you receive notice from us, you agree to obtain the components of the Computer System that we require. You further acknowledge and agree that we have the right to charge a reasonable systems fee for any software or systems modifications and enhancements specifically made for us that are licensed to you and other maintenance and support services that we or our Affiliate may furnish to you.

H. Customer Complaints. You agree to process and handle all consumer complaints connected with or relating to the Killer Burger Restaurant, and to promptly notify us of all safety or health violations or allegations of such violations, claims exceeding One Thousand Dollars (\$1,000), and any other material claims against or losses suffered by you. You also agree to maintain, and to promptly notify us of, any communications with governmental authorities affecting the Killer Burger Restaurant during the term of this Agreement and for one year after the expiration or earlier termination hereof. You agree to post and maintain in a visible location an appropriate notice which informs the public and your customers that you are an independently owned and operated Killer Burger Restaurant under a license from us.

I. Internet Website. You agree to install and maintain all hardware and software needed to access the Internet at the bit speed we require from time to time. You further agree that you will not establish any website or other listing on the Internet except as provided herein.

(1) Without our prior written approval, which we may give or withhold in our sole discretion, you may not develop, create, generate, own, or otherwise use any computer and/or electronic media (including but not limited to the Internet, bulletin boards and news groups) in connection with the Killer Burger Restaurant. If we grant our approval for your use of an Internet website, you acknowledge that the form, content and appearance of any Internet website you use must comply with the System standards and must be approved by us in writing before being used. Accordingly, you agree that you have no authority to, and you will not, establish any website that creates any association with the Marks or the System, or post any advertisements, messages or materials on the Internet (including, but not limited to, social media websites such as Facebook and Twitter) that depict or display the Marks or suggest an association with the System, without our express prior written consent. Without limitation of the foregoing, if we require, any Internet website created by or for you must contain a hypertext link to our Internet website in the form we require, and no other hypertext links to third party Internet websites unless previously approved in writing by us. Notwithstanding our approval of a website, we reserve the right to revoke our approval at any time that the website fails to continue to meet our standards, and you agree that upon such revocation, you will immediately discontinue use of the website.

(2) You agree that you have no authority to, and you will not, register any domain name in any class or category that uses or creates any association with the Marks (including any abbreviation, acronym, phonetic variation or visual variation of the Marks) or the System without our express prior written consent. You must obtain our written approval for your domain name prior to use. Your domain name must be registered in our name and licensed to you by us. On termination or expiration of this Agreement, the license of the domain name to you will automatically terminate and you agree to undertake all such actions that we require to disassociate yourself with the domain name.

(3) We may establish an Internet website that provides information about the System and the products and services offered by Killer Burger Restaurants. If we establish an Internet website, we will have sole discretion and control over the website, including timing, design, contents and continuation. We may include at the website interior pages containing information about our franchisees' Killer Burger Restaurants, and we may require you to prepare all or a portion of the page for your Killer Burger Restaurant, at your expense, using a template that we provide, with all such information subject to our approval prior to posting. We may use Brand Fund monies to establish and maintain the website.

(4) We also have the sole right (but no obligation) to develop an Intranet through which we and our franchisees can communicate by e-mail or similar electronic means. If we develop an Intranet, you agree to participate in strict compliance with our standards, protocols and restrictions, including, without limitation, standards, protocols and restrictions relating to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. We may, in our sole discretion, charge a reasonable fee for Intranet usage, which you agree to pay in accordance with our invoice.

J. Business Licenses. You agree to secure and maintain, at your sole cost, any and all state, county, and/or local business licenses required for the operation of the Killer Burger Restaurant.

K. Prices of Products Sold at Your Killer Burger Restaurant. We may from time to time establish maximum, minimum or other pricing requirements for the products to be sold at your Killer Burger Restaurant to the fullest extent allowed by law.

## IX. ADVERTISING

A. Local Advertising. Recognizing the value of advertising and marketing to the goodwill and public image of Killer Burger Restaurants, you agree to spend at least an amount equal to the greater of (i) \$500 per month or (ii) one percent (1%) of the Killer Burger Restaurant's Gross Sales for advertising and promotion of the Killer Burger Restaurant. In our sole discretion, we may increase the amount you must spend on local marketing in the Protected Area upon not less than thirty (30) days' written notice to you. At our request, you must submit to us a report (including substantiating receipts) detailing your local advertising expenditures during the time period specified in the request. In addition, we have the right to review your books and records from time to time to determine your expenditures for local advertising and promotion. If we determine that you have not spent the requisite amounts, we may require you to pay such unexpended amounts to us to apply to local advertising in the Protected Area.

B. Cooperatives. We have the right to designate any geographic area in which two (2) or more company-owned or franchised Killer Burger Restaurants are located as a region for purposes of establishing an advertising cooperative ("Cooperative"). If we do, each Cooperative will be organized and governed in a form and manner as, and will begin operation on a date, we determine. We may change, dissolve or merge Cooperatives. Cooperatives will be organized for the exclusive purpose of administering advertising programs and developing promotional materials for local advertising and will be operated solely as a conduit for the collection and expenditure of advertising contributions. If a Cooperative is established for a geographic area that includes all or part of the Protected Area, you will be required to contribute at least the greater of \$500 per month or one percent (1%) of the Killer Burger Restaurant's Gross Sales to the Cooperative. You agree to contribute to the Cooperative the amount determined by the Cooperative, subject to our approval. All material decisions of the Cooperative, including contribution levels, will require the affirmative vote of fifty-one percent (51%) of all Killer Burger Restaurants operating within the Cooperative's area, with each Restaurant receiving one (1) vote. You must execute the applicable Cooperative formation and operating documents promptly upon our request and participate as a member of the Cooperative. Among other things, this means that (i) you must submit to the Cooperative and to us all statements and reports that we or the Cooperative may require, and (ii) you must contribute to the Cooperative the amounts required by the Cooperative's governing documents; provided, that your Cooperative contribution will be applied to satisfy a portion of your local advertising requirement under Section IX.A. Your required contributions to a Cooperative will not exceed your individual local advertising requirements set forth in Section IX.A.

C. Brand Fund. We may, at our option, establish a fund for advertising, marketing, and brand support programs (the "Brand Fund" or "Fund"). You agree to make monthly contributions to the Fund of one percent (1%) of the Killer Burger Restaurant's Gross Sales in the same manner and time as your royalty payments. In our sole discretion, we may increase the amount you must contribute to the Fund upon not less than thirty (30) days' written notice to you; provided, however, that you shall not be required to contribute more than two percent (2%) of the Killer Burger Restaurant's Gross Sales to the Fund. Your required contributions to the Fund are in addition to amounts you are required to spend for local advertising under Section IX.A. Fund contributions will be due and payable at the same time and in the same manner that royalty fee payments are due and payable.

(1) We designate all programs to be financed by the Fund and have sole control over the creative concepts, materials, and endorsements prepared and used and their geographic, market, and media placement and allocation. The Fund may be used for any

purpose to promote the System, the Marks, the patronage of Killer Burger Restaurants, and the Killer Burger brand generally as we determine, including paying for: (1) preparing and producing video, audio, and written materials (including marketing and promotional materials and local restaurant marketing advertisements we prepare) and electronic media; (2) administering national, regional, multi-regional, international, and local marketing, recruiting, advertising, and promotional programs, including purchasing space in print publications, direct mail, radio and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; (3) supporting public relations, market research, and other marketing, recruiting, advertising, and promotional activities; (4) developing and maintaining website(s) for the System; (5) administering online marketing, recruiting, advertising, and promotional campaigns (including search engine, social media, email, and display ad campaigns); (6) developing and maintaining gift card, membership and other customer loyalty programs; (7) development of or access to and use of real estate analytical software; and (8) developing and maintaining any other application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or “next generations” of any such devices. We determine the use of the funds contributed to the Fund, including allocating a portion of any Fund contributions to any national, regional, multi-regional, international, or local marketing, recruiting, advertising, and promotional programs we may establish in the future.

(2) The Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Fund and its programs, including, without limitation, conducting market research; preparing advertising, promotion and marketing materials; and collecting and accounting for contributions to the Fund. We may spend, on behalf of the Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Killer Burger Restaurants to the Fund in that year, and the Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Fund will be used to pay advertising costs before other assets of the Fund are expended. We will prepare an annual unaudited statement of monies collected and costs incurred by the Fund and furnish the statement to you upon written request. We have the right to cause the Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified herein. Killer Burger Restaurants owned by us and our Affiliates are required to, contribute to the Fund on the same basis as a franchisee under the terms of a standard franchise agreement for an Killer Burger Restaurant.

(3) You acknowledge that the Fund is intended to maximize recognition of the Marks and patronage of Killer Burger Restaurants. Although we will endeavor to utilize the Fund to develop advertising and marketing materials and programs that will benefit all Killer Burger Restaurants, we undertake no obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Fund by Killer Burger Restaurants operating in that geographic area or that any Killer Burger Restaurant will benefit directly or in proportion to its contribution to the Fund from the development of advertising and marketing materials or the placement of advertising. We may use a portion of the monies contained in the Fund to establish regional marketing funds and/or to establish and maintain a website for Killer Burger Restaurants. Except as expressly provided in this Section, we assume no direct or

indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering, the Fund.

(4) We reserve the right, upon thirty (30) days' prior written notice to you, to defer, reduce or suspend contributions to (and, if suspended, deferred or reduced, to reinstate such contributions) and to suspend operations of, the Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Fund. If the Fund is terminated, all unspent monies on the date of termination will be distributed to the contributors to the Fund in proportion to their respective contributions to the Fund during the preceding twelve (12) month period.

(5) We may, in our discretion and business judgment, use the Fund to directly or indirectly place advertising in your local or regional market; however, we also intend to use the Fund to create and prepare marketing materials or advertising programs that will be provided to you so that you may directly place or implement such materials or programs in your local or regional market. Any amounts that you spend to place or implement advertising created by the Fund in your local or regional market will be credited towards your local advertising obligations under Section IX.A. above.

D. Promotional Programs. We may, from time to time in our sole discretion, develop and administer advertising and sales promotion programs designed to promote all Killer Burger Restaurants. We will be responsible for the design and administration of such programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies. If we do establish these programs, you agree to participate in them in accordance with the terms and conditions we establish. The standards and specifications we establish for such programs, shall be final and binding upon you.

E. Advertising Standards. You agree that any advertising, promotion and marketing you conduct, whether required by this Agreement or voluntarily undertaken by you, will be completely clear and factual and not misleading and will conform to the highest standards of ethical marketing and the promotion policies that we prescribe from time to time. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted to us for approval at least twenty (20) days before you use them or deliver them to a third party for use in any advertisement. If you do not receive written approval within fifteen (15) days after our receipt of such materials, we will be deemed to have disapproved such materials. You may not use any advertising or promotional materials that we have disapproved. Our approval of any advertising material may be withdrawn in our sole discretion at any time.

F. Grand Opening. During the period beginning ten (10) days prior to the Opening Date and ending sixty (60) days after the Opening Date ("Grand Opening Period"), you must carry out a grand opening promotion for your Killer Burger Restaurant in accordance with our standards. You must spend at least Ten Thousand Dollars (\$10,000) on advertising and promoting your Killer Burger Restaurant during the Grand Opening Period. We will assist you in organizing your grand opening promotion, and we must approve all advertising items, methods and media you use in connection with such grand opening promotion. This cost is in addition to your required local advertising expenditures.

G. Business Listings. You agree to place and pay the cost of a business listing acceptable to us, which may, at our discretion, be an Internet business listing, in such directories and categories as we may specify from time to time in the Manuals or otherwise in writing. This cost is in addition to your required local advertising expenditures.

**X. MARKS**

A. Your Right to Use the Marks. We grant you the right to use the Marks during the term of this Agreement in accordance with this Agreement and our standards and specifications.

B. Your Agreements Regarding the Marks. You expressly acknowledge that:

(1) As between us and you, we are the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them.

(2) Neither you nor any of your Owners will take any action that would prejudice or interfere with our rights or those of our Affiliates in and to the Marks. Nothing in this Agreement shall give you any right, title, or interest in or to any of the Marks, except the right to use the Marks in accordance with the terms and conditions of this Agreement.

(3) Any and all goodwill arising from your use of the Marks will inure solely and exclusively to our benefit and to the benefit of our Affiliates, and upon expiration or termination of this Agreement, no monetary amount shall be attributable to any goodwill associated with your use of the Marks.

(4) You agree not to contest, or assist others to contest, the validity of, or our or our Affiliates' interest in the Marks.

(5) Any unauthorized use of the Marks will constitute an infringement of our or our Affiliates' rights in the Marks and a material event of default under this Agreement. You agree to provide us with all assignments, affidavits, documents, information and assistance related to the Marks that we or our Affiliates reasonably request, including all such instruments necessary to register, maintain, enforce and fully vest the rights of us or our Affiliates in the Marks.

(6) We have the right to substitute different trade names, trademarks, service marks, logos and commercial symbols for the current Marks to use in identifying the System and the Killer Burger Restaurants operating under the System if the current Marks no longer can be used, or if we, in our sole discretion, determine that substitution of different marks will be beneficial to the System. If we do so, you agree, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute marks.

C. Your Use of the Marks. You further agree that you will:

(1) Operate and advertise the Killer Burger Restaurant only under the name "Killer Burger Restaurant," without prefix or suffix, unless otherwise authorized or required by us. You agree not to use the Marks as part of your corporate or other legal name.

(2) Identify yourself as the franchisee and owner of the Killer Burger Restaurant in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, staff notices, payroll checks, and display a notice in such content and form and at such conspicuous locations at the Killer Burger Restaurant or on any vehicle used in the operation of the Killer Burger Restaurant as we may designate in writing.

- (3) Not use the Marks to incur any obligation or indebtedness on our behalf.
- (4) Comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations, and execute any documents deemed necessary by us or our counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

D. Infringement. You agree to notify us promptly of any apparent infringement of or challenge to your use of any Mark and of any claim by any person of any rights in any Mark. You and your Owners shall not communicate with any person other than us, our Affiliates, our and their counsel, and your counsel in connection with any such apparent infringement, challenge or claim. We will have complete discretion to take any action we deem appropriate in connection with any infringement of, or challenge or claim to, any Mark and the right to control exclusively, or to delegate control of, any settlement, litigation, Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. You agree to execute all such instruments and documents, render such assistance, and do such acts or things as may, in our opinion, reasonably be necessary or advisable to protect and maintain our or our Affiliates' interests in the Marks.

## **XI. CONFIDENTIALITY AND NONCOMPETITION COVENANTS**

A. Manuals. The Manuals are our property and you agree to return them to us at our request and in any event when this Agreement expires or is terminated for any reason. You and your Owners must at all times maintain the Manuals, and the information contained in them, as confidential in compliance with this Article XI. You may make the Manuals available only to those of your Owners and employees who must have access to them in order to operate the Killer Burger Restaurant and may not at any time copy, duplicate, record or otherwise reproduce the Manuals, in whole or in part, or make them available to any unauthorized person. You agree to maintain the Manuals in a secure place at the Killer Burger Restaurant. We have the right to add to or modify the Manuals from time to time. You agree to comply with the terms of all additions and modifications to the Manuals and to keep your copy of the Manuals current. If there is a dispute about the contents of the Manuals, the terms of the master copy at our offices shall control. We will charge a replacement fee of Fifteen Hundred Dollars (\$1500) for any replacement Manuals you request.

B. Nondisclosure of Confidential Information. We will disclose to you those parts of our Confidential Information we deem necessary or advisable from time to time for the establishment and operation of the Killer Burger Restaurant. You agree that you and your Owners will not acquire any interest in the Confidential Information, other than the right to use the Confidential Information disclosed to you in operating the Killer Burger Restaurant during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition. You agree to disclose the Confidential Information to your Owners and employees only to the extent reasonably necessary for the operation of the Killer Burger Restaurant pursuant to this Agreement. Our Confidential Information is proprietary, includes trade secrets owned by us and our Affiliates, and is disclosed to you solely on the condition that you agree, and you do hereby agree, that you: (i) will not use the Confidential Information in any other business or capacity; (ii) will maintain the confidentiality of the Confidential Information during and after the term of this Agreement; (iii) will not make unauthorized copies of any portion of the Confidential Information; and (iv) will adopt and implement all reasonable procedures that we prescribe from time to time to prevent the unauthorized use or disclosure of the Confidential Information, including, without limitation, restrictions on disclosure of the Confidential Information to Killer Burger Restaurant personnel and others. Notwithstanding any other provision of this Agreement, pursuant to the Defense Secrets Act of 2016 an individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret

that is made (1) in confidence to a Federal, State or local government official, either directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law, or (2) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

These covenants shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon you and each of the Owners.

C. Noncompetition Covenants. You and your Owners specifically acknowledge that, pursuant to this Agreement, you and they will receive access to valuable training and Confidential Information which are beyond your and their present skills and experience, including, without limitation, information regarding operational, sales, promotional and marketing methods and techniques of the System. You and your Owners further acknowledge that such specialized training and Confidential Information provide a competitive advantage, and that gaining access to them is a primary reason for entering into this Agreement. Accordingly, you and your Owners agree as follows:

(1) With respect to you, during the term of this Agreement (or with respect to each of the Owners, for so long as such person satisfies the definition of "Owner" under this Agreement), except as otherwise approved in writing by us, neither you nor any of your Owners shall, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, legal entity or association:

(a) Directly or indirectly divert, or attempt to divert, any business or customer of Killer Burger Restaurants to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Except with respect to Killer Burger Restaurants operated under valid agreements with us, own, maintain, operate, engage in, or have any financial or beneficial interest in, advise, assist or make loans to, or be employed by, affiliated with or otherwise associated with, any business that is the same as or similar to an Killer Burger Restaurant (including any business that offers and sells burgers and related food items) and which is located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which we or our Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.

(2) With respect to you, for a continuous uninterrupted period commencing upon the expiration, termination, or transfer of all of your interest in, this Agreement (or, with respect to each of the Owners, commencing upon the earlier of (i) the expiration or termination of, or transfer of all of your interest in, this Agreement or (ii) the time such individual or entity ceases to satisfy the definition of "Owner" under this Agreement) and continuing for two (2) years thereafter, except as otherwise approved in writing by us, neither you, nor any of your Owners shall, directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person, legal entity or association:

(a) Directly or indirectly divert, or attempt to divert, any business or customer of Killer Burger Restaurants to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Except with respect to Killer Burger Restaurants operated under valid agreements with us, own, maintain, operate, engage in, or have any financial or beneficial interest in, advise, assist or make loans to, or be employed by, affiliated with or otherwise associated with any

business that is the same as or similar to an Killer Burger Restaurant (including any business that offers and sells hamburgers and related food products) which is, or is intended to be, located (i) at the Franchise Location, (ii) within the Protected Area, (iii) within a fifty (50)-mile radius of the Franchise Location, or (iv) within a fifty (50)-mile radius of the location of any Killer Burger Restaurant then in existence or under construction.

(3) You agree that each of the foregoing covenants contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or our other business interests. Each covenant shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section XI.C. is held unreasonable or unenforceable by a court having valid jurisdiction in an unappealed final decision to which we are a party, you and your Owners expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section XI.C.

(a) You and your Owners acknowledge that we will have the right, in our sole discretion, to reduce the scope of any covenant set forth in this Section XI.C. without your or their consent, effective immediately upon notice to you; and you and your Owners agree to promptly comply with any covenant as modified.

(b) You and your Owners expressly agree that the existence of any claims you or they may have against us, whether arising under this Agreement or otherwise, shall not constitute a defense to the enforcement by us of the covenants in this Section XI.C, and that the 2-year non-competition period shall be tolled during any periods of non-compliance and shall be extended for a time period equal to the duration of the non-compliance.

D. Improvements. If you, your employees, or Owners develop any new concept, process or improvement in the operation or promotion of a Killer Burger Restaurant (an "Improvement"), you agree to promptly notify us and provide us with all necessary related information, without compensation. Any such Improvement shall become our sole property and we shall be the sole owner of all related patents, patent applications, and other intellectual property rights. You and your Owners hereby assign to us any rights you or they may have or acquire in the Improvements, including the right to modify the Improvement, and waive and/or release all rights of restraint and moral rights therein and thereto. You and your Owners agree to assist us in obtaining and enforcing the intellectual property rights to any such Improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your Owners hereby irrevocably designate and appoint us as your and their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such Improvement. In the event that the foregoing provisions of this Section XI.D. are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe your or their rights therein.

E. Injunctive Relief. You and your Owners acknowledge that any failure to comply with the requirements of this Article XI. shall constitute a material event of default under this Agreement and further acknowledge that such a violation would result in irreparable injury to us for which no adequate remedy at law may be available. You and your Owners accordingly consent to the issuance of an injunction prohibiting any conduct by you or them in violation of the terms of this Article XI., without the

requirement that we post a bond. You and your Owners agree to pay all court costs and reasonable attorneys' fees and costs that we incur in connection with the enforcement of this Article XI., including all costs and expenses for obtaining specific performance, or an injunction against the violation, of the requirements of this Article, or any part of it.

F. Execution of Covenants by Your Owners and Management. You agree to require and obtain the execution of covenants similar to those set forth in Sections XI.B. and C. from all General Managers, and, at our request, any Assistant Managers or other of your personnel. These covenants must be substantially in the form set forth in Attachment B; however, we reserve the right, in our sole discretion, to decrease the scope of the noncompetition covenant set forth in Attachment B or eliminate such noncompetition covenant altogether for any person that is required to execute such agreement.

## **XII. BOOKS AND RECORDS**

A. Maintenance of Books and Records. You agree to use ~~the QuickBooks Online~~ an accounting system we approve and to grant us "read only" access to this system. You must maintain during the term of this Agreement, in accordance with generally accepted accounting principles and in the form and manner we prescribe from time to time in the Manuals, full, complete and accurate books, records and accounts of the Killer Burger Restaurant, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers. You agree to preserve such books and records for at least five (5) years from the date of preparation.

B. Reporting. In addition to other reports required by this Agreement, you agree to submit to us, in the form we prescribe from time to time and at your expense:

(1) At our request, a monthly income statement (which may be unaudited), signed by your treasurer, chief financial officer or comparable officer attesting that it is true, complete and correct.

(2) Not later than April 15th after the end of each calendar year during the term of this Agreement, your complete annual financial statement (which may be unaudited), including a balance sheet, profit and loss statement, and statement of cash flows, prepared in accordance with generally accepted accounting principles by an independent certified public accountant satisfactory to us and showing the results of your operations during such calendar year.

(3) Not later than five (5) days after filing, copies of your federal income tax returns (including any extension requests) and within five (5) days after the end of each calendar quarter, copies of your state sales tax returns. If the Killer Burger Restaurant is in a state which does not impose a sales tax, you agree to submit a copy of your state income tax return (including any extension requests) not later than five (5) days after filing.

(4) At the times reasonably required by us, such other forms, reports, records, information and data as we may reasonably designate.

C. Audits. We or our designees will have the right at all reasonable times to review, audit, examine and copy your books and records relating to the Killer Burger Restaurant. If any required payments to us are delinquent, or if an examination or audit should reveal that any payments have been understated in any report to us or constitute illegal accounting practice, then you must pay to us upon demand the amount overdue or understated with interest determined in accordance with Section V.F. and

we reserve the right to report such illegal activity to the authorities. If an examination or audit discloses an understatement in any report of two percent (2%) or more, you must, in addition, reimburse us for all costs and expenses connected with the audit (including, without limitation, legal and accounting fees and costs). These remedies shall be in addition to any other remedies we may have at law or in equity.

D. No Waiver. Our receipt or acceptance of any of the statements furnished or amounts paid to us (or the cashing of any check or processing of any electronic fund transfer) will not preclude us from questioning the correctness thereof at any time, and, in the event that any errors are discovered in such statements or payments, you must immediately correct the error and make the appropriate payment to us.

E. Authorization to Release Information. You hereby authorize (and agree to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with whom you do business to disclose to us any financial information in their possession relating to you or the Killer Burger Restaurant which we may request. You further authorize us to disclose to prospective franchisees or other third parties data from your reports if we determine, in our sole discretion, that such disclosure is necessary or advisable; provided, however, that your ownership identity and the location of your Restaurant will not be disclosed.

### **XIII. INSURANCE**

A. Insurance Coverage Requirements. Not later than sixty (60) days before the Opening Date, you must procure, at your expense, an insurance policy or policies protecting you, us, our Affiliates, successors and assigns, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors and employees of each of them against any demand or claim with respect to personal injury, death or property damage, cyber attacks and data breaches, or any loss, liability or expense whatsoever arising or occurring at or in connection with the operation of the Killer Burger Restaurant. You must maintain these policies in full force and effect at all times during the term of this Agreement. All required insurance policies must be purchased from our designated insurance provider, must include a one-year tail following the termination, expiration or transfer of this Agreement, and except for employment-related practices liability coverage, must name us as a co-insured, and shall otherwise be reasonably acceptable to us and must include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time in writing), the following:

(1) Comprehensive general liability insurance written on an occurrence form, including coverage for the restaurant industry, professional liability, broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability and fire damage coverage, in an amount not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate, \$2,000,000 products/completed operations aggregate, \$1,000,000 personal and advertising injury, \$50,000 damage to premises rented to you, and \$5,000 medical expense (any one person). The general liability coverage shall include a waiver of subrogation endorsement in favor of us and shall not limit or exclude contractual liability. There should be no limitation or exclusion for sexual abuse or molestation coverage;

(2) Employment related practices liability insurance, including third party coverage, in an amount not less than \$1,000,000 per occurrence and \$1,000,000 aggregate. Such insurance must include a deductible of less than \$10,000 unless we approve a higher deductible in writing. Prior acts retroactive date must be no later than the Effective Date of this Agreement;

- (3) Commercial automobile insurance written on a combined single limit basis for bodily injury and property damage with a limit not less than \$1,000,000 per accident. Such insurance shall include coverage for owned, hired, and non-owned automobiles and shall include additional insured and waiver of subrogation endorsements in favor of us;
- (4) Commercial umbrella or excess liability following form insurance in an amount not less than \$1,000,000 per occurrence and \$1,000,000 aggregate;
- (5) Property insurance coverage to include coverage for replacement costs of all franchisee-owned contents and tenant improvements at each location, and business interruption insurance for a period adequate to re-establish normal business operations, not to be less than six months. All property related coverage shall be written on special causes of loss forms with deductibles not to be greater than \$10,000 per occurrence;
- (6) Workers' compensation (Coverage A) with statutory limits complying with the laws of the applicable state, and employer's liability (Coverage B) with limits not less than \$1,000,000 per accident, \$1,000,000 disease policy limit, and \$1,000,000 disease per employee. Such insurance shall include a waiver of subrogation endorsement in favor of us; and
- (7) Liquor liability coverage of not less than \$1,000,000 per occurrence, \$2,000,000 aggregate (if liquor is served, sold or distributed) or the amount of coverage required by your state;
- (8) Cyber insurance coverage of not less than \$1,000,000 per occurrence, \$1,000,000 aggregate; and
- (9) Such other insurance as may be required by us from time to time or by the landlord of the Killer Burger Restaurant business premises at, and by the state or locality in, which the Killer Burger Restaurant business is located. All required insurance coverages may be obtained by separate primary policies, or in combination with umbrella or excess liability policies.

B. Deductibles; Waiver of Subrogation. You may elect to have reasonable deductibles in connection with the coverage required under Sections XIII.A(1)-(8) hereof. Such policies shall also include a waiver of subrogation in favor of us, our Affiliates and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them.

C. No Limitation of Other Obligations. Your obligation to obtain and maintain the foregoing policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by us, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Article XVI. of this Agreement.

D. Additional Insured Designation. All insurance policies required under this Agreement, with the exception of workers' compensation, shall name us and our Affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, as additional insureds, and shall expressly provide that our and their interest shall not be affected by your breach of any policy provisions. All public liability and property damage policies shall contain a provision that we and our Affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, although named

as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to them by reason of your negligence or that of your servants, agents or employees.

E. Certificates of Insurance. Upon the execution of this Agreement and thirty (30) days before the expiration of any policy required under this Agreement, you agree to deliver to us certificates of insurance evidencing the existence and continuation of proper coverage with limits not less than those required under this Article XIII. In addition, if we request, you agree to deliver to us a copy of the insurance policy or policies required. All required insurance policies must expressly provide that we are entitled to no less than thirty (30) days' prior written notice in the event of a material alteration to or cancellation of the policies.

F. Remedies. If you fail to procure or maintain the insurance required by this Agreement, we will have the right and authority (but no obligation) to procure such insurance and to charge to you the cost of such insurance, together with a reasonable fee for our expenses, which shall be payable by you upon demand. The foregoing remedies are in addition to any other remedies we may have at law or in equity.

#### **XIV. DEBTS AND TAXES**

A. Payment of Taxes and Other Obligations. You agree to promptly pay when due all Taxes levied or assessed and all accounts and other indebtedness of every kind incurred by you in connection with the Killer Burger Restaurant. You are solely liable for the payment of all Taxes and agree to indemnify us for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether or not correctly or legally assessed. You will pay to us when due any federal, state or local sales, gross receipts, use, value added, excise or other taxes levied or assessed against us on all fees and other payments paid to us under this Agreement, including any income tax, franchise or other tax levied or assessed against us for the privilege of doing business in your state.

B. Disputed Liability. If there is a bona fide dispute as to your liability for Taxes or other indebtedness, you may contest the validity or the amount of the Tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor, to occur against the Killer Burger Restaurant.

C. Credit Standing. You acknowledge that the failure to make payments or repeated delays in making prompt payments to suppliers will result in a loss of credit rating or standing which will be detrimental to the goodwill associated with the Marks and the System. Except for payments which are disputed by you in good faith, you agree to promptly pay when due all amounts owed by you to us, our Affiliates, and other suppliers, lenders, landlords and other third parties. Any failure to comply with this section shall constitute a material default under this Agreement.

D. Notice of Adverse Orders. You agree to notify us in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Killer Burger Restaurant.

#### **XV. TRANSFER**

A. By Us. We will have the right to transfer or assign this Agreement and all or any part of our rights or obligations under this Agreement to any person or legal entity without your consent, and

upon such transfer or assignment, the transferee or assignee shall be solely responsible for all our obligations arising subsequent to the transfer or assignment. Without limitation of the foregoing, we may sell our assets to a third party; may offer our securities privately or publicly; may merge with or, acquire other corporations, or may be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

B. By You and Your Owners. You acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted you rights under this Agreement in reliance on your business skill, financial capacity and personal character and that of your Owners. Accordingly, neither you nor any of your Owners, nor any of your or their permitted successors or assigns, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise dispose of or encumber any direct or indirect interest in this Agreement, in the Killer Burger Restaurant, or in you without our prior written consent. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material breach of this Agreement. If you wish to transfer all or part of your interest in the Killer Burger Restaurant or this Agreement, or if you or an Owner wishes to transfer any ownership interest in you, the transferor shall apply to us for our consent. We will not unreasonably withhold our consent but may require any or all of the following as conditions of our consent:

- (1) All accrued monetary obligations of you and your Affiliates to us and our Affiliates arising under this Agreement or any other agreement, shall have been satisfied in a timely manner, and you shall have satisfied all trade accounts and other debts of whatever nature or kind in a timely manner;
- (2) You and your Affiliates shall not be in default of this Agreement or any other agreement with us or our Affiliates, and you and they shall have substantially and timely complied with all the terms and conditions of such agreements during their respective terms;
- (3) The transferor and its owners, if applicable, shall have executed a general release, in a form satisfactory to us, of any and all claims, against us and our Affiliates, our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and any other agreement with us or our Affiliates, and under federal, state or local laws, rules, and regulations or orders;
- (4) The proposed transferee must demonstrate to our satisfaction that it meets our then-current qualifications, and, at the transferee's expense, its Principal Operator, General Manager, Assistant Managers and any other personnel we require shall complete any training programs then in effect for Killer Burger Restaurants upon such terms and conditions as we may reasonably require;
- (5) The transferee shall, at its expense and within the time period we reasonably require, renovate, modernize and otherwise upgrade the Killer Burger Restaurant to conform to our then-current System image, standards and specifications, provided that this subsection XV.B(5) will be applicable only if you have not renovated, updated and upgraded the Killer Burger Restaurant pursuant to subsection VIII.D of this Agreement;
- (6) The transferee shall enter into a written agreement, in a form satisfactory to us, assuming full, unconditional, joint and several liability for, and agreeing to perform from

the date of the transfer, all of your obligations, covenants and agreements under this Agreement;

(7) The transferee shall execute our then-current form of franchise agreement for a term ending on the expiration date of this Agreement (including any renewal terms provided by this Agreement). The new franchise agreement shall supersede this Agreement in all respects and its terms may differ from the terms of this Agreement (except that the fees imposed on the transferee will not be greater than the fees that we then impose on similarly situated transferees), provided that the transferee shall not be required to pay an initial franchise fee. If the transferee is a corporation, partnership, limited liability company or other entity, those of the transferee's owners and their spouses, if any, whom we require shall execute such guaranty and assumption documents as we may require;

(8) The transferor shall remain liable for all of its obligations to us under this Agreement incurred prior to the effective date of the transfer, shall obtain a one-year tail on each of its insurance policies to cover any liabilities that may have been incurred prior to the effective date of the transfer, and shall execute any and all instruments reasonably requested by us to evidence such liability;

(9) You must pay us a transfer fee in an amount equal to Twenty-Five Percent (25%) of our then-current initial franchise fee, provided that the transfer fee shall not exceed \$10,000. Furthermore, if you are an individual transferring your rights and obligations under this Agreement to an entity owned by you pursuant to, and in accordance with, Section XV.C. of this Agreement, the transfer fee shall be an amount equal to the out-of-pocket costs and expenses incurred by us in connection with such transfer (including, without limitation, legal, training and accounting fees and costs);

(10) If the transfer relates to the grant of a security interest in any of your assets, we may require the secured party to agree that, in the event of any default by you under any documents related to the security interest, we shall have the right and option (but no obligation) to be substituted as obligor to the secured party and to cure any default.

C. Transfer for Convenience of Ownership. If the proposed transfer is to a corporation or other entity formed solely for the convenience of ownership, our consent may be conditioned upon any of the requirements in Section XV.B., except that Sections XV.B.(3), (4), (5), and (7) shall not apply and the fee provided for in Section XV.B.(9) shall be limited to our reasonable out-of-pocket costs and expense (including legal and accounting fees and costs). In any transfer for the convenience of ownership, you must be the owner of all the voting stock or ownership interests in the new entity, or, if you are more than one individual, each individual shall have the same proportionate ownership interest in the new entity as he or she had in you before the transfer.

D. Our Right of First Refusal. If you or an Owner wishes to transfer any interest in this Agreement, the Killer Burger Restaurant, or you pursuant to any bona fide offer received from a third party to purchase such interest, then the proposed seller shall promptly notify us in writing of the offer, and shall provide such information and documentation relating to the offer as we may require, including but not limited to a bona fide letter of intent executed by the proposed buyer and seller. We will have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all required documentation describing the terms of the offer, to send written notice to the seller that we intend to purchase the seller's interest on the terms and conditions offered by the third party. If we elect to purchase the seller's interest, closing shall occur on or before sixty (60) days from the later of the date of

our notice to seller of our election to purchase and the date we receive all necessary permits and approvals, or any other date agreed by the parties in writing. If the third party offer provides for payment of consideration other than cash, we may elect to purchase seller's interest for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent, then that amount shall be determined by two (2) appraisers. Each party shall select one (1) appraiser and the average of the appraisers' determinations shall be binding. Each party shall bear its own legal and other costs and shall share the appraisal fees equally. If we exercise our right of first refusal, we will have the right to set off all appraisal fees and other amounts due from you to us or any of our Affiliates. A material change in the terms of any offer before closing shall constitute a new offer subject to the same right of first refusal as an initial offer. Our failure to exercise the option afforded by this Section XV.D. shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section XV.B. Failure to comply with this Section XV.D. shall constitute a material event of default under this Agreement. If we do not exercise our right of first refusal, you may complete the sale to the proposed buyer on the original offer's terms, subject to our approval of the transfer as provided in Subsection B. above.

E. Death or Permanent Disability. You agree to promptly notify us of any death or claim of permanent disability subject to this Section XV.E. Any transfer upon death or permanent disability shall be subject to the following conditions, as well as to the conditions described in Section XV.B. for any inter vivos transfer.

(1) Upon your death (if you are a natural person) or the death of any Owner who is a natural person (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by us within six (6) months after the date of death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by us. If the distributee is not approved by us, then the distributee shall transfer such interest to a third party approved by us within six (6) months after the death of the Deceased.

(2) Upon your permanent disability (if you are a natural person) or the permanent disability of any Owner who is a natural person, we may, in our sole discretion, require that person's interest to be transferred to a third party in accordance with the conditions described in this Article XV. within six (6) months after notice to you. "Permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by us, upon examination of the person, or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section XV.E. We will pay the costs of any examination required by this Section XV.E.(2).

F. Securities Offerings. Interests in you shall not be offered to the public by private or public offering without our prior written consent, which we will not unreasonably withhold. As a condition of our consent, we may, in our sole discretion, require that immediately after such offering your Owners retain a Controlling Interest in you. You agree to give us written notice at least thirty (30) days before the commencement of any offering covered by this Section XV.F. and to submit all offering materials to us for review before they are filed with any governmental agency or distributed for use. Our review of the offering materials shall be limited solely to the subject of the relationship between you and

us. No offering shall imply that we are participating in an underwriting, issuance or offering of securities. We may require the offering materials to contain a written statement prescribed by us concerning the relationship between you and us. You, your Owners and the other participants in the offering must fully indemnify us, our Affiliates, our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in connection with the offering. For each proposed offering, you must reimburse us for our reasonable costs and expenses (including, without limitation, legal and accounting fees and costs) associated with reviewing the offering materials, such amount not to exceed \$10,000.

G. No Waiver. Our consent to the transfer of any interest described in this Article XV. shall not constitute a waiver of any claims which we may have against the transferring party, nor shall it be deemed a waiver of our right to demand the transferee's exact compliance with any of the terms of this Agreement.

## **XVI. INDEMNIFICATION**

To the fullest extent permitted by law, you agree to indemnify, defend and hold harmless us, our Affiliates, and our and their respective shareholders, directors, officers, employees, agents, successors and assignees (the "Indemnified Parties") against, and to reimburse any one or more of the Indemnified Parties for, any and all claims, and liabilities directly or indirectly arising out of (a) the operation of the Killer Burger Restaurant, (b) your breach of this Agreement, or (c) your noncompliance or alleged noncompliance with any law, ordinance, rule or regulation concerning the Restaurant's construction, design or operation, including, without limitation, the Americans with Disabilities Act and other laws regarding public accommodation for persons with disabilities, without limitation and without regard to the cause or causes thereof or the negligence (whether such negligence be sole, joint or concurrent, or active or passive) or strict liability of us or any other party or parties in connection therewith. Notwithstanding the foregoing, this indemnity shall not apply to any liability arising from our gross negligence or willful misconduct, except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to you, your Owners, officers, directors, employees, independent contractors or Affiliates. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential, exemplary or other) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, accountants', mediators', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you. The terms of this Article XVI. shall survive the termination, expiration or transfer of this Agreement or any interest herein.

## **XVII. INDEPENDENT CONTRACTOR**

You agree that the relationship created by this Agreement is not a fiduciary, special, employment or any other similar relationship, but rather is an arm's-length business relationship, and we owe you no duties except as expressly provided in this Agreement. You are an independent contractor, and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. During the term of this Agreement, you agree to hold yourself out to the public as an independent contractor conducting the

operations of the Killer Burger Restaurant pursuant to the rights granted by us. Nothing in this Agreement authorizes you or any of your Owners to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and we will in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of you or any of your Owners or any claim or judgment arising therefrom.

## **XVIII. TERMINATION**

A. Automatic Termination. You will be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to you, if you become insolvent or make a general assignment for the benefit of creditors; or if you file a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admit in writing your inability to pay your debts when due; or if you are adjudicated as bankrupt or insolvent in proceedings filed against you under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver or other custodian for your business or assets is filed and consented to by you; or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law are instituted by or against you; or if a final judgment against you remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if you are dissolved; or if execution is levied against your business or property; or if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against the Killer Burger Restaurant premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of your Killer Burger Restaurant shall be sold after levy thereupon by any sheriff, marshal or constable or is otherwise sold by means of a foreclosure sale or a public or private auction or sale conducted in accordance with applicable law.

B. Termination on Notice; No Cure. You will be deemed to be in material default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon notice to you, upon the occurrence of any of the following events:

- (1) If you operate the Killer Burger Restaurant or sell any products or services authorized by us at any location other than the Franchise Location without our prior written consent;
- (2) If you fail to construct the Killer Burger Restaurant in accordance with Article III;
- (3) If you fail to open the Killer Burger Restaurant for business within the period specified in Section III.E.;
- (4) If you at any time cease to operate or otherwise abandon the Killer Burger Restaurant, or lose the right to occupy the Franchise Location, or otherwise forfeit the right to do or transact business in the jurisdiction where the Killer Burger Restaurant is located; provided, that this provision shall not apply upon the occurrence of an event of Force Majeure, if you apply within thirty (30) days after such event for our approval to relocate or reconstruct the Killer Burger Restaurant and you diligently pursue such reconstruction or relocation. Our approval will not be unreasonably withheld but may be conditioned upon the payment of an agreed minimum fee to us during the period in which the Killer Burger Restaurant is not in operation;

- (5) If a threat or danger to public health or safety results from the construction or operation of the Killer Burger Restaurant;
- (6) If you or any of your Owners is convicted of, or has entered a plea of guilty or nolo contendere to, a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interests therein;
- (7) If you or any of your Owners transfer or attempt to transfer any rights or obligations under this Agreement or any interest in you or the Killer Burger Restaurant contrary to the terms of this Agreement, or if a transfer upon death or permanent disability is not made in accordance with Section XV.E.;
- (8) If, contrary to the terms of Section XI.B., you or any of your Owners disclose or divulge any Confidential Information;
- (9) If you knowingly maintain false books or records, or submit any false reports to us;
- (10) If you breach in any material respect any of the covenants, or have falsely made any of the representations or warranties, set forth in Article VII., or if you make any material misstatement or omission in an application for this franchise or in any other information provided to us;
- (11) If you fail to comply with our quality assurance program (including any applicable cure periods provided under such program);
- (12) If you or any of your Owners commit an event of default under this Agreement on three (3) or more separate occasions within any twenty four (24) consecutive month period, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by you after notice by us;
- (13) If your assets, property or interests are 'blocked' or otherwise restricted under any law, ordinance or regulation relating to terrorist activities or if you are otherwise in violation of any such law, ordinance or regulation; or
- (14) If you or any of your Affiliates are in default of any other franchise agreement or other agreements with us and fail to cure such default within the applicable cure period, if any.

C. Termination on Notice; Opportunity to Cure. Except as provided in Sections XVIII.A. and XVIII.B. of this Agreement, upon any default which is capable of being cured, we may terminate this Agreement by giving you written notice of termination stating the nature of the default and the time period within which the default must be cured. You may avoid termination by immediately initiating a remedy to cure such default and curing it to our satisfaction within the time period set forth below or any longer period that applicable law may require ("cure period"). If the default is not cured within the cure period, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the cure period. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following:

- (1) If you fail to procure and maintain the insurance policies required by Section XIII. and fail to cure such default within seven (7) days following notice from us;
- (2) If you misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated therewith or our rights therein and fail to cure such default within twenty-four (24) hours following notice from us;
- (3) If you fail to obtain the execution of the confidentiality and related covenants as required under Section XI.F. of this Agreement within ten (10) days after we request and fail to cure such default within thirty (30) days following notice from us;
- (4) If you or any of your Affiliates fail, refuse, or neglect to promptly pay any monies owed to us or any of our Affiliates when due, or fail to submit the financial or other information we require under this Agreement, and do not cure such default within five (5) days following notice from us;
- (5) If you or any of your Owners fail to comply with the restrictions against competition set forth in Section XI.C. of this Agreement and fail to cure such default within ten (10) days following notice from us;
- (6) If you fail to maintain or observe any of the standards, specifications or procedures prescribed by us in this Agreement or otherwise in writing, and fail to cure such default within thirty (30) days following notice from us;
- (7) If you fail to secure all required state, county or local license(s) by the date the Killer Burger Restaurant is otherwise ready (and/or required) to open for business and fail to cure such default within ten (10) days following notice from us; or
- (8) If you fail to comply with any other requirement imposed by this Agreement, or fail to carry out the terms of this Agreement in good faith and fail to cure such default within thirty (30) days following notice from us.

D. Our Right to Provide Interim Management. If we have given you notice that you are in default, then we may (but are not obligated to) assume interim management of the Killer Burger Restaurant during the pendency of any cure period or in lieu of immediately terminating this Agreement. If we elect to assume interim management of the Killer Burger Restaurant (i) our election will not relieve you of your obligations under this Agreement; (ii) we will not be liable for any debts, losses, costs or expenses incurred in the operation of the Killer Burger Restaurant during any such interim management period; (iii) we will have the right to charge a reasonable fee for our management services; and (iv) you agree to, and hereby do, indemnify and hold us harmless against any and all claims, demands, judgments, fines, losses, liabilities, costs, amounts paid in settlement and reasonable expenses (including, but not limited to attorneys' fees) incurred in connection with our interim management of the Killer Burger Restaurant, other than those arising solely from our gross negligence or willful misconduct.

## **XIX. POST-TERMINATION**

A. Your Obligations Upon Termination. Upon the termination or expiration of this Agreement for any reason, all rights granted to you will terminate, and you must:

- (1) Immediately cease to operate the Killer Burger Restaurant under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as one of our present or former franchisees.
- (2) Immediately and permanently cease to use, in any manner whatsoever, the Marks and any Confidential Information associated with the System. Without limitation of the foregoing, you must cease to use all signs, advertising materials, displays, stationery, forms and any other items which display the Marks.
- (3) Take such action as may be necessary to cancel any assumed name, fictitious name or equivalent registration which contains the mark "Killer Burger" or any other Mark, and furnish us with satisfactory evidence of compliance within five (5) days after termination or expiration of this Agreement.
- (4) Not use any reproduction, counterfeit, copy or colorable imitation of the Marks which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Marks, nor shall you use any designation of origin or description or representation which falsely suggests or represents an association or connection with us constituting unfair competition.
- (5) Promptly pay all sums owing to us and our Affiliates, and all damages, costs and expenses, including reasonable attorneys' fees and costs, incurred by us as a result of any default by you or in connection with obtaining injunctive or other relief for the enforcement of any provisions of this Article XIX., which obligation shall give rise to and remain a lien in favor of us against any and all of your assets, until such obligations are paid in full.
- (6) Promptly deliver to us all Manuals, Software Programs, Confidential Information, and other materials related to the operation of the Killer Burger Restaurant in your possession or control, and all copies thereof, all of which are acknowledged to be our property, and retain no copy or record of any of the foregoing, except your copy of this Agreement and of any correspondence between you and us and any other documents which you reasonably need for compliance with any provision of law.
- (7) Comply with the restrictions against the disclosure of Confidential Information and against competition contained in Article XI. of this Agreement and cause any other person required to execute similar covenants pursuant to Article XI. to also comply with such covenants.
- (8) Promptly furnish to us an itemized list of all advertising and sales promotion materials bearing the Marks, whether located at the Killer Burger Restaurant or at any other location under your control. We will have the right to inspect these materials and the option, exercisable within thirty (30) days after such inspection, to purchase any or all of the materials at your cost. Materials we do not purchase cannot be used by you or any other person for any purpose unless authorized in writing by us.
- (9) At our option, assign to us all rights to the telephone numbers of the Killer Burger Restaurant and any related business listings and execute all forms and documents required by us to transfer such service and numbers to us. You agree to use different telephone numbers at or in connection with any subsequent business conducted by you.

(10) If we do not elect to exercise our option to acquire the lease or sublease for the Franchise Location (as described below), you agree to make such modifications or alterations to the premises as are necessary to distinguish the appearance of the Franchise Location from that of the Killer Burger Restaurants, and, if you fail or refuse to do so, we shall have the right to enter upon the premises, without being guilty of trespass or any other crime or tort, to make or cause such changes to be made, at your expense.

B. Our Post-Term Purchase Options. Upon the termination or expiration of this Agreement, we shall have the following options:

(1) The option, exercisable by giving written notice to you within sixty (60) days from the date of such termination or expiration, as applicable, to acquire the Franchise Location and the assets of the Killer Burger Restaurant from you (subject to any rights of approval retained by the owner of the leasehold). The date on which we notify you whether or not we are exercising our option is referred to as the "Notification Date." We will have the unrestricted right to assign this option and we or our assignee will be entitled to all customary warranties and representations in connection with the asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise; and a general release.

(2) The option, exercisable at the time and in the manner set forth in subsection (1) above, to assume your leasehold interest in the Franchise Location or, if you own the Franchise Location, to enter into a lease agreement with you. If we exercise our option, you agree to assign your leasehold interest to us at no cost to us other than our assumption of the obligation to make post-assignment rental payments to the landlord under the lease; or if you own the Franchise Location, to lease the Franchise Location to us at a reasonable commercial rent and upon terms comparable to rental terms for similar leased property in the marketplace where the Killer Burger Restaurant is located.

(3) If we exercise our option under subsection (1) to purchase the assets of the Killer Burger Restaurant from you, the purchase price for the assets will be their fair market value, determined in a manner consistent with reasonable depreciation of the Killer Burger Restaurant's leasehold improvements, equipment, fixtures, furnishings, signs, materials and supplies. The age and condition of the improvements, equipment, fixtures, furnishings, décor, and signs of the Killer Burger Restaurant, will also be considered in determining the fair market value. We may exclude from the assets we elect to purchase cash or its equivalent and any leasehold improvements, equipment, fixtures, furnishings, signs, materials and supplies that are not necessary or appropriate (in function or quality) to the Killer Burger Restaurant's operation or that we have not approved as meeting the standards for Killer Burger Restaurants, and the purchase price will reflect such exclusions.

(4) If we and you are unable to agree on the fair market value of the Killer Burger Restaurant's assets, or the fair rental value of the Franchise Location, such fair market value (or fair rental value) will be determined by three (3) independent appraisers who collectively will conduct one (1) appraisal. We will appoint one appraiser, you will appoint one appraiser, and those appraisers will appoint the third appraiser. You and we agree to select our respective appraisers within fifteen (15) days after the Notification Date, and we and you agree that we will instruct the two appraisers so chosen to appoint

the third appraiser within fifteen (15) days after the date on which the last of our appointed appraisers is appointed. You and we will each bear the cost of our own appraiser and share equally the fees and expenses of the third appraiser. We and you agree that we will instruct the three (3) appraisers to complete their appraisal within thirty (30) days after the third appraiser's appointment.

(5) The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after the determination of the purchase price. We will have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your Owners owe to us. At the closing, you agree to deliver instruments transferring to us: (i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances, with all sales and other transfer taxes paid by you; (ii) all licenses and permits of the Killer Burger Restaurant which may be assigned or transferred; and (iii) a leasehold interest in (or unencumbered title to) the Franchise Location and improvements. If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. As a condition of our purchase of the Killer Burger Restaurant, you and your Owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our subsidiaries, shareholders, officers, directors, employees, agents, successors and assigns.

(6) We may assign our options under this Section XIX.B. to any person or entity without your consent.

## **XX. MISCELLANEOUS**

A. Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by facsimile or electronic mail to the respective parties at the addresses set forth on the signature pages hereto unless and until a different address has been designated by written notice to the other party:

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service, on the next Business Day, or, in the case of or registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail).

B. No Waiver. No delay, waiver, omission or forbearance on our part to exercise any right, option, duty or power arising out of any breach or default by you or your Owners under this Agreement shall constitute a waiver by us to enforce any such right, option, duty or power against you or your Owners, or as to a subsequent breach or default by you or your Owners.

C. Approval or Consent. Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us, and such approval or consent shall be obtained in writing. No waiver, approval, consent, advice or suggestion given to you, and no neglect, delay or denial of any request therefor, shall constitute a warranty or guaranty by us, nor do we assume any liability or obligation to you or any third party as a result thereof.

D. Force Majeure. Upon the occurrence of an event of Force Majeure, the party affected thereby shall give prompt notice thereof to the other party, together with a description of the event, the

duration for which the party expects its ability to comply with the provisions of the Agreement to be affected, and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. An affected party shall be liable for failure to give timely notice only to the extent of damage actually caused. If an event of Force Majeure shall occur, then, in addition to payments required under Section XVIII.B.(4), you must continue to pay to us any and all amounts that you have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of such event and the Indemnitees shall continue to be indemnified and held harmless by you in accordance with Article XVI. Except as provided in Section XVIII.B.(4) and the immediately preceding sentence, neither party shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure.

E. Severability. Except as expressly provided to the contrary in this Agreement, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

**F. MEDIATION. WE AND YOU ACKNOWLEDGE THAT DURING THE TERM OF THIS AGREEMENT CERTAIN DISPUTES MAY ARISE THAT WE AND YOU ARE UNABLE TO RESOLVE, BUT THAT MAY BE RESOLVABLE THROUGH MEDIATION. TO FACILITATE SUCH RESOLUTION, YOU AND WE AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE BETWEEN US OR ANY OF OUR AFFILIATES (AND OUR AND THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, AGENTS, REPRESENTATIVES AND/OR EMPLOYEES) AND YOU (AND YOUR OWNERS, AGENTS, REPRESENTATIVES AND/OR EMPLOYEES) ARISING OUT OF OR RELATED TO (a) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN US AND YOU, (b) OUR RELATIONSHIP WITH YOU, OR (c) THE VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN US AND YOU, TO MEDIATION BEFORE BRINGING SUCH CLAIM, CONTROVERSY OR DISPUTE IN A COURT OR BEFORE ANY OTHER TRIBUNAL.**

**(1) THE MEDIATION SHALL BE CONDUCTED BY A MEDIATOR AGREED UPON BY YOU AND US AND, FAILING SUCH AGREEMENT WITHIN NOT MORE THAN FIFTEEN DAYS AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION, BY THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR ORGANIZATION (“AAA”) IN ACCORDANCE WITH ITS RULES GOVERNING MEDIATION. MEDIATION SHALL BE HELD AT THE OFFICES OF THE AAA NEAREST TO OUR PRINCIPAL PLACE OF BUSINESS OR IN PORTLAND, OREGON, AT OUR OPTION. THE COSTS AND EXPENSES OF MEDIATION, INCLUDING THE COMPENSATION AND EXPENSES OF THE MEDIATOR (BUT EXCLUDING ATTORNEYS’ FEES INCURRED BY EITHER PARTY), SHALL BE BORNE BY THE PARTIES EQUALLY.**

(2) IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE WITHIN NINETY (90) DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN, UNLESS SUCH TIME PERIOD IS EXTENDED BY WRITTEN AGREEMENT OF THE PARTIES, EITHER PARTY MAY BRING A LEGAL PROCEEDING PURSUANT TO SECTION XX.G. WE AND YOU AGREE THAT STATEMENTS MADE BY EITHER YOU OR US IN ANY SUCH MEDIATION PROCEEDING WILL NOT BE ADMISSIBLE FOR ANY PURPOSE IN ANY SUBSEQUENT LEGAL PROCEEDING.

(3) NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS SECTION XX.F., YOUR AND OUR AGREEMENT TO MEDIATE SHALL NOT APPLY TO CONTROVERSIES, DISPUTES OR CLAIMS RELATED TO OR BASED ON THE MARKS OR THE CONFIDENTIAL INFORMATION. MOREOVER, REGARDLESS OF YOUR AND OUR AGREEMENT TO MEDIATE, YOU AND WE EACH HAVE THE RIGHT IN A PROPER CASE TO SEEK TEMPORARY RESTRAINING ORDERS AND TEMPORARY OR PRELIMINARY INJUNCTIVE RELIEF.

**G. LITIGATION.** WITH RESPECT TO ANY CONTROVERSIES, DISPUTES OR CLAIMS WHICH ARE NOT FINALLY RESOLVED THROUGH MEDIATION AS PROVIDED IN SECTION XX.F. ABOVE, THE PARTIES IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE COURTS OF MULTNOMAH COUNTY, OREGON AND THE U.S. DISTRICT COURT FOR THE DISTRICT OF OREGON AND HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. YOU AND WE AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW. YOU AND WE FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE MULTNOMAH, OREGON.

**H. GOVERNING LAW.** EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.) OR OTHER FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY AND INTERPRETED AND CONSTRUED UNDER OREGON LAW (EXCEPT FOR OREGON CONFLICT OF LAW RULES).

**I. PARTIES' ACKNOWLEDGMENTS.** YOU AND WE ACKNOWLEDGE THAT THE AGREEMENTS REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH ABOVE PROVIDE EACH OF US WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT. YOU AND WE FURTHER ACKNOWLEDGE THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT.

**J. WAIVER OF PUNITIVE DAMAGES AND CLASS ACTIONS.** EXCEPT WITH RESPECT TO YOUR OBLIGATION TO INDEMNIFY US PURSUANT TO ARTICLE XVI. AND CLAIMS WE BRING AGAINST YOU FOR YOUR UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION,

**WE AND YOU AND YOUR OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS. UNLESS PROHIBITED BY APPLICABLE LAW, WE AND YOU IRREVOCABLY WAIVE THE RIGHT TO ARBITRATE OR LITIGATE ON A CLASS ACTION BASIS, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.**

**K. LIMITATIONS OF CLAIMS. EXCEPT FOR CLAIMS WE BRING WITH REGARD TO YOUR OBLIGATIONS TO INDEMNIFY US PURSUANT TO ARTICLE XVI, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN YOU AND US PURSUANT TO THIS AGREEMENT WILL BE BARRED UNLESS AN ACTION IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED, OR ONE (1) YEAR FROM THE DATE ON WHICH YOU OR WE KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST.**

**L. JURY WAIVER. YOU AND WE HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY RIGHT TO A JURY TRIAL IN ANY ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE RELATIONSHIP CREATED BY THIS AGREEMENT, OR ANY OTHER AGREEMENTS BETWEEN YOU AND US OR YOUR AND OUR RESPECTIVE AFFILIATES. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS WRITTEN CONSENT TO A TRIAL BY THE COURT.**

M. Costs and Attorneys' Fees. If we incur expenses in connection with your failure to pay when due amounts owed to us, or to submit when due any reports, information or supporting records, or otherwise to comply with this Agreement, you agree to reimburse us for any of the costs and expenses which we incur, including, without limitation, court costs and any accounting, attorneys', mediators', arbitrators' and related fees.

N. Binding Effect. This Agreement is binding upon us and you and your and our respective executors, administrators, heirs, beneficiaries, assigns and successors in interest.

O. Modification of Agreement. Except for those changes permitted to be made unilaterally by us hereunder, no amendment, change or variance from this Agreement shall be binding on either you or us unless mutually agreed to and executed by our and your authorized officers or agents in writing.

P. Consents And Approvals. Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed or effected actions that require our approval.

Q. Owners. If two or more persons are at any time the "Franchisee" under this Agreement, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several.

R. Counterpart Execution. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

S. Headings. The captions used in connection with the articles, sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

T. Survival. Any obligation of you or the Owners that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest in you, shall be deemed to survive such termination, expiration or transfer. Without limitation of the foregoing, the provisions of Sections XX.F., G. and H. will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

U. Gender. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable.

V. Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between you or any of your Affiliates, and us or any of our Affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of our rights pursuant to Section XVIII. of this Agreement shall not discharge or release you or any of the Owners from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

W. No Third Party Beneficiary. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, us, our officers, directors and personnel and such of your and our respective successors and assigns as may be contemplated (and, as to you, authorized by Section XV.), any rights or remedies under or as a result of this Agreement.

X. Further Assurances. You and we agree to promptly execute and deliver such further documents and take such further action as may be necessary in order to effectively carry out the intent and purposes of this Agreement.

Y. Agreement Effective Upon Execution by Us. This Agreement shall not become effective until signed by one of our authorized representatives.

Z. Entire Agreement. This Agreement, and the exhibits hereto, which are incorporated herein by reference, constitute the entire, full and complete Agreement between the parties hereto concerning the subject matter hereof, and they supersede any and all prior negotiations, understandings, representations and agreements; **provided, however, that nothing in this or any related agreement is intended to disclaim the representations made in the franchise disclosure document that we furnished to you.** You acknowledge and agree that no other representations by us or any third party have induced you to execute this Agreement.

## **XXI. FRANCHISEE'S ACKNOWLEDGEMENTS**

A. Independent Investigation. Franchisee acknowledges that it has conducted a thorough, independent investigation of the business contemplated by this Agreement and recognizes that the success of this business involves substantial risks and will largely depend upon the ability and efforts of Franchisee. Franchisor expressly disclaims making, and Franchisee acknowledges that it has not received or relied on, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

B. Consultation With Advisors. Franchisee acknowledges that Franchisee has received, read and understands this Agreement and the related Attachments and agreements and that Franchisor has afforded Franchisee sufficient time and opportunity to consult with advisors selected by Franchisee about the potential benefits and risks of entering into this Agreement.

C. Development of the System. Franchisee acknowledges and agrees that some aspects of Franchisor's franchise program and the System are currently under development and that Franchisor expects that there will be some significant variations in the System in different markets which may exist for an initial or transitional period, or on a permanent basis. Franchisee acknowledges and agrees that no variations from the System or Manuals are permitted without Franchisor's prior written consent and that over time during the term of this Agreement Franchisor and its affiliates will continue to develop and refine various aspects of the System and that as new products, operating procedures, trade dress and other refinements are introduced, Franchisor may, in its sole discretion, cease to allow some or all variations from the System and Manuals and may require local, regional or national uniformity among Killer Burger Restaurants with regard to aspects of the System and Manuals for which Franchisor previously permitted variations.

D. Franchisor's Obligations. Franchisee expressly understands and acknowledges that it is relying solely on Franchisor, and not on any affiliated entities or parent companies related to Franchisor, with regard to Franchisor's financial and other obligations under this Agreement, and no employee or other person speaking on behalf of, or otherwise representing, Franchisor has made any statement or promise to the effect that Franchisor's affiliated entities or parent companies guarantee Franchisor's performance or financially back Franchisor.

*[remainder of page intentionally left blank]*

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

**FRANCHISOR:**

**KILLER BURGER FRANCHISING, INC.,** an Oregon corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Address:  
11010 SE Division Street, Suite 101  
Portland, Oregon 97266  
Attention: Legal Department

Email: Franchise@killerburger.com  
Phone: 503-954-3100  
Facsimile: 503-841-5340

Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Address:  
\_\_\_\_\_  
\_\_\_\_\_

Email: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTACHMENT A TO THE FRANCHISE AGREEMENT**  
**OWNERS' GUARANTY AND ASSUMPTION AGREEMENT**

This Guaranty and Assumption Agreement (the "Guaranty") is given this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by the undersigned in connection with the Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ between Killer Burger Franchising, Inc. ("Franchisor") and \_\_\_\_\_ ("Franchisee").

In consideration of, and as an inducement to, the execution of the Franchise Agreement by Franchisor, each of the undersigned individual Owners, their spouses and legal or domestic partners and any other parties who sign counterparts of this Guaranty (individually, a "Guarantor" and collectively, the "Guarantors") hereby personally and unconditionally guarantee to Franchisor and its successors and assigns, that Franchisee will punctually perform its obligations and pay all amounts due under the Franchise Agreement, including, without limitation, amounts due for initial franchise fees, royalties, advertising and brand fund contributions and purchases of equipment, materials, and supplies.

Each Guarantor waives:

- (i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; and
- (ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; and
- (iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and
- (iv) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- (v) all rights to payments and claims for reimbursement or subrogation which he or she may have against Franchisee arising as a result of his or her execution of and performance under this Guaranty (including by way of counterparts); and
- (vi) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

- (i) his or her direct and immediate liability under this Guaranty will be joint and several not only with Franchisee, but also among the Guarantors; and
- (ii) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; and
- (iii) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and
- (iv) such liability will not be diminished, relieved or otherwise affected by any subsequent rider or amendment to the Franchise Agreement or by any extension of time, credit or other indulgence that Franchisor may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable throughout the term of the Franchise Agreement and for so long thereafter as there are any monies or obligations owing by Franchisee to Franchisor under the Franchise Agreement; and
- (v) Franchisee's written acknowledgment, accepted in writing by Franchisor, or the judgment of any court or arbitration panel of competent jurisdiction establishing the amount due from Franchisee will be conclusive and binding on the undersigned as Guarantors.

Each Guarantor also makes all of the covenants, representations, warranties and agreements of the Owners set forth in the Franchise Agreement and is obligated to perform thereunder, including, without limitation, under Articles VII., XI., XV., XVI. and XIX. and Sections XX.F. through M (which include, among other things, the mediation of disputes and WAIVERS OF JURY TRIAL RIGHTS AND PUNITIVE DAMAGES AND CLASS ACTIONS).

If Franchisor is required to enforce this Guaranty in an administrative, judicial or arbitration proceeding, and prevails in such proceeding, Franchisor will be entitled to reimbursement of its costs and expenses, including, but not limited to, legal and accounting fees and costs, administrative, mediators', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of an administrative, judicial or arbitration proceeding and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the Guarantors will reimburse Franchisor for any of the above-listed costs and expenses incurred by it.

**IN WITNESS WHEREOF**, each Guarantor has hereunto affixed his signature on the same day and year as the Franchise Agreement was executed.

**GUARANTORS**

Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

**ATTACHMENT B TO THE FRANCHISE AGREEMENT**  
**CONFIDENTIALITY AND NONCOMPETITION AGREEMENT**

This Agreement is made and entered into this \_\_ day of \_\_\_\_\_, 20\_\_, between \_\_\_\_\_ (“Franchisee” or “we”) and \_\_\_\_\_ (“Covenantor” or “you”) in connection with a Franchise Agreement between the Franchisor Killer Burger Franchising, Inc. (“Franchisor”) and Franchisee dated \_\_\_\_\_, 20\_\_ (“Franchise Agreement”). Franchisor and its successors and assigns shall be third party beneficiaries of this Agreement, with the full and independent right, at our and their option and in our and their sole discretion, to enforce this Agreement. Initially capitalized terms used, but not defined in this Agreement, have the meanings given to them in the Franchise Agreement.

**RECITALS**

We have the right from Franchisor to use and license the use of a System for the establishment and operation of Killer Burger Restaurants.

The System is identified by certain Marks including, the mark “Killer Burger,” and includes certain Confidential Information which provides economic advantages to us and licensed users of the System.

In order for you to be employed by us and to perform your job responsibilities, it will be necessary for you to have access to some or all of the Confidential Information.

Franchisor and Franchisee have agreed on the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from you a written agreement protecting the Confidential Information and further protecting the System against unfair competition.

You acknowledge that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by you herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

**Confidentiality Agreement**

1. You shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of your employment by or association with Franchisee in connection with the operation of a Killer Burger Restaurant under the Franchise Agreement.
2. You shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without our express written permission.
3. You shall not at any time disclose or permit the disclosure of the Confidential Information except to Franchisee’s other authorized employees and only to the limited extent necessary to train or assist such other employees in the operation of the Killer Burger Restaurant.

4. You shall surrender any material containing some or all of the Confidential Information to Franchisee or us, upon request, or upon termination of your employment by or association with Franchisee.

5. You shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

6. You acknowledge that all Manuals are loaned by Franchisor to Franchisee for limited purposes only and remain Franchisor's property. You agree that no Manuals may be reproduced, in whole or in part, without our written consent.

7. Notwithstanding any other provision of this Agreement, pursuant to the Defense Secrets Act of 2016 an individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made (1) in confidence to a Federal, State or local government official, either directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law, or (2) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

### **Covenants Not to Compete**

In order to protect the goodwill of the System, and in consideration for the disclosure of the Confidential Information to you, you agree that, during the term of your association with or employment by Franchisee, and for a period of two (2) years following the earlier of (i) the termination thereof, or (ii) the termination, expiration or transfer of Franchisee's interest in the Franchise Agreement, you will not, without our prior written consent:

a. Directly or indirectly divert, or attempt to divert any business opportunity or customer of Killer Burger Restaurants to any competitor; and

b. Directly or indirectly, for yourself or through, on behalf of, or in conjunction with any other person, persons, partnership, corporation, limited liability company, or other association or entity, own, maintain, operate, engage in or have any financial or beneficial interest in, advise, assist or make loans to, any business which is the same as or similar to an Killer Burger Restaurant (including any business that offers and sells hamburgers and related food items) and which is, or is intended to be, located (i) at the Franchise Location, (ii) within the Protected Area, (iii) within a fifty (50)-mile radius of the Franchise Location, or (iv) within a fifty (50)-mile radius of any Killer Burger Restaurant then in existence or under construction.

### **Franchisee's Undertaking**

Franchisee agrees to make all commercially reasonable efforts to ensure that you act as required by this Agreement.

### **Miscellaneous**

1. You agree that:

a. Each of the covenants herein contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill of the System or our other business interests.

b. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor and/or Franchisee are a party, you agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

c. In the event of a breach of this Agreement, Franchisor and the Franchisee would be irreparably injured and without an adequate remedy at law and, therefore, upon any such breach or attempted breach of any provision hereof, you agree that Franchisor and/or the Franchisee shall be entitled, in addition to any other remedies which we or it may have at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

2. You agree to pay all expenses (including court costs and reasonable attorneys' fees and costs) incurred by Franchisor and/or the Franchisee in enforcing this Agreement.

3. Any failure by us or Franchisee to object to or take action with respect to any breach of any provision of this Agreement by you shall not operate or be construed as a waiver of or consent to that breach of any subsequent breach by you.

**4. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF OREGON, WITHOUT REFERENCE TO OREGON CONFLICT OF LAW PRINCIPLES. YOU HEREBY IRREVOCABLY SUBMITS YOURSELF TO THE JURISDICTION OF THE STATE AND FEDERAL DISTRICT COURTS LOCATED IN MULTNOMAH COUNTY, OREGON AND THE STATE, COUNTY OR JUDICIAL DISTRICT IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED. YOU HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. YOU HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON YOU IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW. YOU FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE THE STATE OR FEDERAL COURTS LOCATED IN MULTNOMAH COUNTY, OREGON OR THE COUNTY OR JUDICIAL DISTRICT IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, WE OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.**

5. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

6. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by facsimile or electronic mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisee, the notice shall be addressed to:

Attention:  
Facsimile: (     )

If directed to Covenantor, the notice shall be addressed to:

Attention:  
Facsimile: (     )

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service on the next Business Day, or, in the case of registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail).

7. Our rights and remedies under this Agreement are fully assignable and transferable and shall inure to the benefit of our Affiliates, successors and assigns. Your obligations and those of the Franchisee may not be assigned without our prior written consent.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**COVENANTOR:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**ATTACHMENT C TO THE FRANCHISE AGREEMENT**

**SELECTED TERMS: DESIGNATED AREA, FRANCHISE LOCATION, PROTECTED AREA,  
AND OPENING DATE**

1. DESIGNATED AREA:

The Designated Area in which your Killer Burger Restaurant may be located is:

2. FRANCHISE LOCATION:

The Killer Burger Restaurant shall be located at the following address:

3. PROTECTED AREA: [Insert description and attach map]

The Protected Area shall be:

4. OPENING DATE: The Opening Date of the Killer Burger Restaurant is \_\_\_\_\_, 20\_\_.

AGREED TO BY:

\_\_\_\_\_  
Franchisee

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTACHMENT D TO THE FRANCHISE AGREEMENT**

**OWNERSHIP AND MANAGEMENT INFORMATION**

1. The following is a list of all shareholders, partners, members or other investors owning a direct or indirect interest in you, and a description of the nature of their interest:

NAME	OWNERSHIP INTEREST IN YOU	NATURE OF INTEREST

2. Your Principal Operator is:
3. Your General Manager (if applicable) is:
4. Your Training Coordinator is:

**ATTACHMENT E TO THE FRANCHISE AGREEMENT**

**ELECTRONIC PAYMENT AUTHORIZATION AGREEMENT**

**(ACH CREDITS AND DEBITS)**

I hereby authorize KILLER BURGER FRANCHISING, INC. ("FRANCHISOR"), to initiate debit and credit entries and to initiate, if necessary, adjustments for any debit or credit entries in error to \_\_\_\_\_ ("FRANCHISE OWNER")  Checking (please attach voided check) or  Savings account (select one) indicated below at the depository named below, ("DEPOSITORY"), to debit and/or credit the same to such account.

Depository Name: \_\_\_\_\_

Depository Branch: \_\_\_\_\_

Depository Address: \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Routing Number: \_\_\_\_\_

Account Name: \_\_\_\_\_

Account Number: \_\_\_\_\_

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned agrees that this authorization is to remain in full force and effect until terminated by FRANCHISE OWNER pursuant to a written notice to FRANCHISOR in such time and in such manner as to afford FRANCHISOR and DEPOSITORY a reasonable opportunity to act on it, but in no event less than thirty (30) days in advance thereof. FRANCHISE OWNER consents for the DEPOSITORY to provide FRANCHISOR with a bank account statement and deposit detail, at any time and from time to time, for any and all accounts described above.

[SIGNATURE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, this authorization has been executed on \_\_\_\_\_, 2022  
**at** \_\_\_\_\_.

FRANCHISE OWNER:

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Phone No.: \_\_\_\_\_

**[ATTACH VOIDED CHECK HERE]**

**ATTACHMENT F TO THE FRANCHISE AGREEMENT**

**DISCLOSURE QUESTIONNAIRE**

Do not sign this Disclosure Questionnaire if you are a resident of California, Maryland, or Washington or the franchise will be operated in California, Maryland, or Washington.

Franchisee Name:

Permanent Address (If an individual)  
(Physical address only, no P.O. boxes):

State of Organization:  
**(If a corporation, LLC or partnership):**

Address of Franchisee’s  
Principal Place of Business:

\*\*\*\*\*

As you know, Killer Burger Franchising, Inc. (the “Franchisor”) and you are preparing to enter into a Franchise Agreement for the operation of a Killer Burger Restaurant (the “Franchise”). The purpose of this Questionnaire is to determine whether any unauthorized statements or representations have been made and to ensure that applicable laws have been complied with. Please review each of the following questions carefully and provide honest responses to each question. **Please place your INITIALS in the appropriate column indicating your response.**

QUESTION	YES	NO
1. Are you a resident or domiciliary of any state other than the state listed above?		
2. Have you received and personally reviewed the Franchisor’s Franchise Disclosure Document (the “Disclosure Document”) provided to you?		
3. Do you understand all of the information contained in the Disclosure Document?		
<p>4. For franchise prospects domiciled in, opening an Killer Burger Restaurant in, or accepting the franchise offer in <b>Connecticut, Michigan, Oregon or Washington</b>, did you receive the Disclosure Document at least 10 business days before execution of the Franchise Agreement and related agreements or at least 10 business days before making any payment for the franchise, whichever event first occurred?</p> <p>For franchise prospects domiciled in, opening an Killer Burger Restaurant in, or accepting the franchise offer in <b>Iowa, Maine, New York, Oklahoma or Rhode Island</b>, did you receive the Disclosure Document by the earlier of: (a) your first personal meeting with the franchisor (i.e. a representative of Killer Burger) held for the purpose of discussing the sale or possible sale of an Killer Burger Restaurant franchise, or (b) at least 10 business days before execution of the Franchise Agreement and related agreements or at least 10 business days before making any payment for the franchise, whichever event first occurred?</p> <p>For <b>all other franchise prospects</b>, did you receive the Disclosure Document at least 14 days before execution of the Franchise Agreement and related agreements or at least 14 days before making any payment for the franchise, whichever event first</p>		
5. Did you sign a receipt for the Disclosure Document indicating the date you received it?		

QUESTION	YES	NO
6. Does the execution copy of the Franchise Agreement contain any changes (other than fill-in-the-blank terms like names, dates and addresses) from the form of franchise agreement attached to the Disclosure Document which were made unilaterally by us separate and apart from negotiations initiated by you?		
7. Have you had ample opportunity to consult with your attorney(s), accountants, and other advisors concerning these documents?		
8. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Franchise?		
9. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchise will generate?		
10. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs involved in operating the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?		
11. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual, average or projected profits or earnings or the likelihood of success that you should or might expect to achieve from operating the Franchise?		
12. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance relating to the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?		

If you answered “Yes” to question six (6) or any of questions eight (8) through twelve (12), please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered “No” to each of the foregoing questions, please leave the following lines blank.

***The following provision applies only to franchisees and franchises that are subject to state registration/disclosure laws in: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, Virginia, Washington and Wisconsin.***

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

You understand that your answers are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

\_\_\_\_\_  
FRANCHISE APPLICANT

Dated: \_\_\_\_\_ 20\_\_

\_\_\_\_\_  
FRANCHISE APPLICANT

Dated: \_\_\_\_\_ 20\_\_

## ATTACHMENT G TO THE FRANCHISE AGREEMENT

### LEASE ADDENDUM RIDER

This lease addendum rider (“Rider”) is attached to and made a part of that certain Lease (the “Lease”) by and between (“Landlord”) and (“Tenant”), for certain premises located at \_\_\_\_\_ . In the event of any contradiction or inconsistency between the terms of this Rider and the terms of the Lease, the terms of this Rider shall control and be interpreted in such a manner as to override any provision of the Lease which would prevent the terms of this Rider from being given full force and effect. All capitalized terms not specifically defined in this Rider shall be given the same meaning as the defined terms in the Lease.

(a) Landlord acknowledges that Tenant is a franchisee of Killer Burger Franchising, Inc., an Oregon corporation (“Franchisor”), and that the Killer Burger Restaurant located at the Premises (“Unit”) is operated under the Killer Burger Restaurant franchise system, pursuant to a franchise agreement (“Franchise Agreement”) between Tenant and Franchisor. Landlord consents to Tenant’s use at the Premises of such marks and signs, décor items, color schemes and related components of the Killer Burger Restaurant system as Franchisor may prescribe for the Unit. During the term of the Franchise Agreement, the Premises may be used only for the operation of the Unit.

(b) Landlord agrees to furnish to Franchisor copies of any and all letters and notices sent to Tenant pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant. Without limiting the foregoing, in the event of any default by Tenant, Landlord shall give Franchisor written notice of such default. If Tenant has failed to cure such default at the expiration of the applicable cure period, Landlord shall give Franchisor further written notice of such failure (“Franchisor Notice”). Following our receipt of the Franchisor Notice, Franchisor shall have the right (but not the obligation) to cure Tenant’s default before Landlord shall exercise any of Landlord’s remedies arising as a consequence of Tenant’s default. Any such cure shall be effected within thirty (30) days following Franchisor’s receipt of the Franchisor Notice. Any cure by Franchisor shall not be deemed to be an election to assume the terms, covenants, obligations and conditions of the Lease. If Franchisor chooses not to cure the breach or default, Landlord may terminate the Lease in the manner provided in the Lease, but shall have no remedy against Franchisor.

(c) If Franchisor cures Tenant’s default, or if Franchisor notifies Landlord that the Franchise Agreement has been terminated (which termination shall constitute a non-curable default pursuant to the Lease upon Landlord’s receipt of our notice thereof), Landlord agrees, upon Franchisor’s written request, to assign to Franchisor any and all rights that Landlord may have under the Lease to remove and evict Tenant from the Premises and shall cooperate with Franchisor in order to pursue such action to a conclusion.

(d) If Franchisor cures Tenant’s default or notifies Landlord of the termination of the Franchise Agreement, Franchisor shall have the right and option, upon written notice to Landlord, to do the following:

1. Undertake to perform the terms, covenants, obligations and conditions of the Lease on behalf of the Tenant (notwithstanding any removal or eviction of Tenant) for a period not to exceed six (6) months from the first (1st) date of any cure by Franchisor; or

2. At any time within or at the conclusion of such six (6) month period, assume the terms, covenants, obligations and conditions of the Lease for the remainder of the term, together with any

applicable renewal options. In such event, Landlord and Franchisor shall enter into an agreement to document such assumption. Franchisor is not a party to the Lease and shall have no obligations, liabilities, or responsibilities under the Lease of any kind, including, without limitation, as a guarantor or indemnitor of Tenant's obligations to Landlord, unless and until the Lease is assigned to, and assumed by, Franchisor as herein provided.

(e) If, during the six (6) month period set forth in section (d)(1) above or at any time after the assignment contemplated in section (d)(2), Franchisor notifies Landlord that the franchise for the Unit is being granted to another Killer Burger Restaurant franchisee, Landlord shall permit the assignment of the Lease to said franchisee without the payment of any fee or other cost requirement, provided that said franchisee meets Landlord's reasonable financial qualifications. Landlord shall not unreasonably withhold consent to such assignment. Thereafter, Franchisor shall be released from any and all further liabilities under the Lease. The parties agree to execute any commercially reasonable documents in furtherance of this section.

(f) Tenant will not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor, nor shall Landlord and Tenant amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without Franchisor's prior written consent. Landlord will not accept Franchisee's voluntary surrender of the Lease without prior notice to Franchisor.

(g) Franchisor shall have the right to enter the Premises to make any modification or alteration necessary to protect the Killer Burger Restaurant system and marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort. Landlord shall not be responsible for any expenses or damages arising from any such action by Franchisor. Tenant hereby releases, acquits and discharges Franchisor and Landlord, and Franchisor's and Landlord's respective subsidiaries, Affiliates, successors and assigns and the officers, directors, shareholders, partners, employees, agents and representatives of each of them, from any and all claims, demands, accounts, actions and causes of action, known or unknown, vested or contingent, which any of them may have, ever had, now has, or may hereafter have by reason of any event, transaction or circumstance arising out of or relating to the exercise of Franchisor's rights pursuant to this Rider.

(h) All notices sent pursuant to this Rider shall be sent in the manner set forth in the Lease, and delivery of such notices shall be effective as of the times provided for in the Lease. For purposes of notice under the Lease, Franchisor's mailing address shall be 11010 SE Division Street, Suite 101, Unit A, Portland, Oregon 97266, Attention: Real Estate Department, which address may be changed by written notice to Landlord in the manner provided in the Lease.

(i) Landlord and Tenant designate Franchisor as a third party beneficiary of this Rider having the right to enforce its terms. This Rider shall be binding upon, and shall inure to the benefit of, the successors, assigns, heirs, and personal representatives of the parties hereto. This Rider sets forth the entire agreement with regard to the rights of Franchisor, fully superseding any and all prior agreements or understandings between the parties pertaining to the subject matter of this Rider. This Rider may only be amended by written agreement duly executed by each party.

(j) Each party agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform the terms, provisions and conditions of this Rider.

*[Signature page follows]*

IN WITNESS WHEREOF, this Rider is made and entered into by the undersigned parties  
as of \_\_\_\_\_, \_\_\_\_\_.

**LANDLORD:**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE/TENANT:**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTACHMENT H TO THE FRANCHISE AGREEMENT**

**ASSIGNMENT OF TELEPHONE NUMBERS**

For value received, the undersigned (hereinafter called the "Franchisee") hereby irrevocably assigns, effective upon the date of termination or expiration of the Franchise Agreement, the telephone listings and numbers stated below to KILLER BURGER FRANCHISING, INC. (hereinafter called "Franchisor") upon the following terms and conditions:

1. This assignment is made pursuant to the terms of a Franchise Agreement of even date herewith (hereinafter called "Agreement") between Franchisor and Franchisee, which in part pertains to the telephone listing and numbers used by the Franchisee in the operation of the Killer Burger Restaurant business contemplated by the Agreement.

2. The Franchisee shall retain the limited right to use the telephone listing and numbers solely for the transaction and advertising of the business while the Agreement between Franchisor and the Franchisee shall remain in full force and effect, but upon termination or expiration of the Agreement for any reason whatsoever, the limited right of use of the telephone listing and numbers by the Franchisee shall also terminate.

3. The telephone listing and numbers subject to this assignment are:

and any numbers on the rotary series used by the Franchisee in the operation of the business in the future.

IN WITNESS WHEREOF, the Franchisee has hereunto set his/her hand this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

FRANCHISEE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTACHMENT I TO KILLER BURGER FRANCHISE AGREEMENT**

**ADDENDUM TO FRANCHISE AGREEMENT ONLY FOR FRANCHISEES  
WHO OBTAIN SBA FINANCING**

THIS ADDENDUM (“Addendum”) is made and entered into on \_\_\_\_\_, 20 \_\_\_\_, by and between Killer Burger Franchising, Inc., an Oregon corporation (“Franchisor”), located 11010 SE Division Street, Suite 101, Portland, Oregon 97266 and \_\_\_\_\_ (“Franchisee”), located at \_\_\_\_\_.

Franchisor and Franchisee entered into a Franchise Agreement on \_\_\_\_\_, 20 \_\_\_\_, (such Agreement, together with any amendments, the “Franchise Agreement”). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining the SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement:

**CHANGE OF OWNERSHIP**

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor’s consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

**FORCED SALE OF ASSETS**

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

**COVENANTS**

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor may not record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions.

**EMPLOYMENT**

- Franchisor will not directly control (hire, fire or schedule) Franchisee’s employees.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729-3733.

**Authorized Representative of FRANCHISOR:**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Authorized Representative of FRANCHISEE:**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Note to Parties: This Addendum only addresses “affiliation” between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

**EXHIBIT B TO FRANCHISE DISCLOSURE DOCUMENT**

**TOAST SOFTWARE AGREEMENT**



## TOAST MERCHANT AGREEMENT INITIAL ORDER FORM

Software Subscription Total:		Hardware & Implementation Totals:	
Software Subscription: \$		Total Hardware Cost <sup>(2)</sup> : \$	
Software Billing Method:		Total Implementation Cost <sup>(2)</sup> : \$	
Contract Start Date <sup>(1)</sup> :	Initial Term:	Payment Terms:	
		Product Lifetime Policy: Toast products are subject to our Product Lifetime Policy. For details, read <a href="#">Toast's Product Lifetime Policy</a>	
		(2) Totals above do not include taxes or shipping costs. Prices are estimates and subject to change. Additional fees may apply for cancelations and for services outside M-F, 7am-9pm local time, for more details see: <a href="https://hub.toasttab.com/welcome/installation/service-fees">https://hub.toasttab.com/welcome/installation/service-fees</a>	

### (Non-Refundable) Deposit

Total Deposit Amount:	Deposit Payment Method:	ACH Account Type:
	Card number (for deposit payment only):	Exp:
	Type:	

Non-refundable deposit: This deposit is non-refundable and is due upon execution of this form.

### CREDIT CARD PROCESSING RATES

#### VISA / MASTERCARD / DISCOVER

Pricing Structure:	Monthly Processing Fee:
Card-Present Credit Card Rate (Swiped):	% + \$
Card-Not-Present Credit Card Rate (Keyed):	% + \$
Pricing Conditions: Toast pricing for VISA, MasterCard, and Discover rates are valid only for merchants located in the United States. Your participation in Toast payment processing is further subject to the Standard Terms and Conditions, which can be found at	

#### AMERICAN EXPRESS

AMEX Processing Type:	Estimated Annual AMEX Volume:
Do you want to accept AMEX:	Do you have an existing AMEX account:
	Existing AMEX Merchant ID:
Card-Present AMEX Fee (Swiped):	% + \$
Card-Not-Present AMEX Fee (Keyed):	% + \$



### MERCHANT APPLICATION

#### Restaurant Location Information

Restaurant Name (DBA):			
Restaurant Location Address:			
City:		State:	ZIP Code:
Phone:	Fax:	Email:	
New or Existing Business?		Restaurant Category:	
Annual Card Volume: \$		Average Ticket Amount: \$	

#### Business Legal Information

Federal Tax ID/EIN (9 digits, no dash):		Number of Locations:
Business Legal Name:		
Registered Legal Address (if different from Restaurant Location address):		
City:	State:	ZIP Code:
Date Business Commenced:		Ownership Type:

#### Owner Information

First Name:		Last Name:		Percent of Ownership <sup>(3)</sup> :
Title:		Date of Birth:		
Phone:		Email:		
Home Address:		Years at Address:	SSN:	
City:		Driver's License:	Issuing State:	
State:	ZIP Code:	Issued Date:	Exp. Date:	

#### Primary Contact for Toast Implementation

Same as Owner Contact?	First Name:	Last Name:
Title:	Phone:	Email:

#### Finance Contact

Same as Owner Contact?	First Name:	Last Name:
Phone:	Email:	


**Secondary Owner Contact Information (if applicable):**

First Name:	Last Name:	Percent of Ownership <sup>(3)</sup> :
Home Address:	City:	State:
ZIP Code:	Date of Birth:	SSN:

(3) Ownership details must be provided for each individual or legal entity owner with a 25% or greater ownership interest. Total percent of ownership on this agreement must total over 50%. Please attach an Additional Owner Addendum, if necessary, to complete this requirement. Each owner authorizes Toast to obtain and to review third party credit bureau reports on such owner.

**Merchant understands and acknowledges that:**

One "day" of implementation services shall be equal to 8 hours of service. Implementation services shall be delivered anytime between the hours of 7am and 9pm local time, Monday - Friday ("Toast Standard Hours"). Any additional hours per day, or hours outside of Toast Standard Hours, shall require Merchant to pay additional fees at the then current rate for the total amount of hours and number of technicians necessary to complete implementation. All services and fees shall be in accordance with <https://hub.toasttab.com/welcome/installation/service-fees>

Toast does not provide cabling services and the estimates provided above do not include cabling costs. If cabling is required Toast may recommend a local partner. More information can be found in the Toast Site Readiness Guide <cdn2.hubspot.net/hubfs/412971/Site Requirements Installation 1.17.pdf>

After scheduling service appointments (menu review, installation, training or go-live support), Merchant shall have until 7 days before the scheduled date to cancel the service appointment. Canceling within 7 days of the service appointment will result in Merchant being assessed a service fee for each day canceled in accordance with <https://hub.toasttab.com/welcome/installation/service-fees>



### Banking Information / Voided Check

Bank Name:	Account Type:
Routing Number:	DDA / Account Number:

Merchant hereby authorizes Toast and its designated agents and representative, to initiate credits and debits, as applicable, to the bank account listed above or such substitute bank account as Merchant may designate ("Bank Account") through the automated clearing house ("ACH") network. Toast and its designated agents and representatives will initiate credits and debits to the Bank Account in accordance with the Agreement. This authority will remain in effect until five (5) business days after Toast receives written notice from Merchant of its change of Bank Account. Merchant will at all times maintain sufficient funds on deposit in the Bank Account for the debiting of amounts owed under the Agreement. If there are insufficient funds in the Bank Account to satisfy any amounts owed Toast, Merchant shall immediately send Toast such amounts upon demand. If the account information provided above changes at any time, Merchant will provide the current account information to Toast within five (5) business days. Neither Toast nor its designated agents and representatives shall be liable to Merchant for any delays in receipt of funds or errors in credit entries caused by third parties, including but not limited to, a clearinghouse, Merchant's financial institution, or any agent of Merchant. Merchant is solely liable for all fees and all overdrafts, regardless of cause. Toast shall have the unlimited right to debit without prior notice, any Bank Account containing funds for the purpose of satisfying any liability incurred on behalf of Merchant and any amounts owed to Toast under this Agreement. A fee of \$50.00 may be imposed by Toast for all rejected ACH transactions. Merchant agrees to comply with the operating rules and guidelines of the National ACH Association and the laws of the United States, as in effect from time to time with respect to ACH transactions.

### (PLEASE ATTACH A CLEARLY LEGIBLE PICTURE OF A VOIDED CHECK)

Voided check or another form of routing & account number verification is required.

### TERMS AND CONDITIONS AGREEMENT ACKNOWLEDGEMENT

**USA PATRIOT ACT NOTICE AND INFORMATION COLLECTION** To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to, obtain, verify and record information that identifies each person (individual or business) that opens an account. Toast collects this information on behalf of its financial institution partners. For this reason, Toast requests your name, address, date of birth and social security number. Toast also requests information about your company. This allows Toast to identify Merchant and its owners. Toast may also ask for your driver's license or other identifying documents and information. Each owner, control person, and/or officer/manager listed herein understands Toast may obtain and review information from consumer reporting agencies and/or other informational searches on such individual from time to time to validate the authenticity of information provided and conduct criminal background checks.

This Merchant Agreement (this "Agreement") is between Toast, Inc., a Delaware corporation with offices at 401 Park Drive, STE 801, Boston, MA 02215 ("Toast"), and the company listed above ("Merchant"). This Agreement includes, collectively, (1) this Order Form, and (2) the Standard Terms and Conditions available at <https://pos.toasttab.com/merchant-agreement>. Merchant acknowledges the receipt of this Agreement. All capitalized, undefined terms used in this Agreement shall have the meaning set forth in the Standard Terms and Conditions. Merchant has read, understands, and agrees to be bound by this Agreement, as may be amended from time to time in accordance therewith. Merchant acknowledges that this Agreement is a fundamental part of the parties' agreement without which Toast would not provide services to Merchant. Merchant can request a copy of the Standard Terms and Conditions at any time by contacting a Customer Service Representative at [617-682-0225](tel:617-682-0225) or [support@toasttab.com](mailto:support@toasttab.com).

### SIGNATURES

<hr/> Merchant Legal Name	<hr/> Toast, Inc. Legal Name
<hr/> Authorized Signer Name (please print)	<hr/> Shelby Chase Toast Representative Name (please print)
<hr/> Signature Title: _____ Date: _____	<hr/> Signature Title: _____ Date: _____



Order Form

**Special Terms:**

**EXHIBIT C TO FRANCHISE DISCLOSURE DOCUMENT**

**MANUAL TABLE OF CONTENTS**

Killer Burger Procedures Manual Table of Contents:

- Call Procedures - 8 pages
- Build Procedures - 35 pages
- Grill Procedures - 20 pages
- Expo Procedures - 20 pages
- Front of House Procedures - 10 pages
- Prep Procedures - 50 pages
- Equipment Procedures - 16 pages
- Crew Training Procedures - 16 pages
- Crew Training Guides and Tests - 46 pages
- Crew Leader Procedures - 6 pages

**Total = 227 Pages**

**EXHIBIT D TO FRANCHISE DISCLOSURE DOCUMENT**  
**LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

## **EXHIBIT D**

### **LIST OF STATE ADMINISTRATORS**

Listed here is the contact information for each of the state agencies responsible for franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

#### **CALIFORNIA**

Office of the Commissioner  
California Department of Financial Protection  
and Innovation  
320 West 4th Street, Suite 750  
Los Angeles, California 90013-2344  
(866) 275-2677

#### **HAWAII**

Commissioner of Securities of the State of  
Hawaii  
Department of Commerce and Consumer Affairs,  
Business Registration Division,  
Securities Compliance Branch  
335 Merchant Street, Room 205  
Honolulu, Hawaii 96813  
(808) 586-2744

#### **ILLINOIS**

Chief – Franchise Bureau  
Office of Attorney General  
State of Illinois  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4465

#### **INDIANA**

Franchise Section  
Indiana Securities Commission  
302 West Washington Street  
Indianapolis, Indiana 46204  
(317) 232-6681

#### **MARYLAND**

Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202-2020  
(410) 576-6360

#### **MICHIGAN**

Consumer Protection Division  
Antitrust and Franchise Unit  
Michigan Department of Attorney General  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
525 W. Ottawa Street  
Lansing, Michigan 48913  
(517) 373-7117

#### **MINNESOTA**

Minnesota Department of Commerce  
85 7th Place East, Suite 280  
St. Paul, Minnesota 55101-2198  
(651) 539-1500

#### **NEW YORK**

Office of the New York State Attorney General  
Investor Protection Bureau  
Franchise Section  
28 Liberty Street, 15<sup>th</sup> Floor  
New York, New York 10271-0332  
(212) 416-8236 Phone  
(212) 416-6042 Fax

#### **NORTH DAKOTA**

North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol, Fourteenth Floor  
Department 414  
Bismarck, North Dakota 58505-0510  
(701) 328-4712

#### **OREGON**

Dept. of Consumer & Business Services  
Division of Finance and Corporate Securities  
350 Winter St. NE, Rm. 410  
Salem, OR 97301-3881  
(503) 378-4140

**RHODE ISLAND**

Division of Securities  
1511 Pontiac Avenue  
John O. Pastore Complex – Building 69-1  
Cranston, Rhode Island 02920  
(401) 222-3048

**SOUTH DAKOTA**

Department of Labor and Regulation  
Division of Insurance – Securities Regulation  
124 S. Euclid, Suite 104  
Pierre, South Dakota 57501  
(605) 773-3563

**VIRGINIA**

State Corporation Commission  
Division of Securities and Retail Franchising  
1300 East Main Street, 9th Floor  
Richmond, Virginia 23219  
(804) 371-9051

**WASHINGTON**

Department of Financial Institutions  
Securities Division  
150 Israel Road Southwest  
Tumwater, WA 98501  
(360) 902-8760

**WISCONSIN**

Wisconsin Department of Financial Institutions  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705  
(608) 266-0448

## EXHIBIT D

### LIST OF STATE AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed.

#### **CALIFORNIA**

Commissioner of the Department of Financial  
Protection and Innovation:  
Toll Free: 1 (866) 275-2677

##### *Los Angeles*

Suite 750  
320 West 4th Street  
Los Angeles, California 90013-2344  
(213) 576-7500

##### *Sacramento*

2101 Arena Boulevard  
Sacramento, California 95834  
(916) 445-7205

##### *San Diego*

1455 Frazee Road, Suite 315  
San Diego, California 92108  
(619) 610-2093

##### *San Francisco*

One Sansome Street, Suite 600  
San Francisco, California 94105-2980  
(415) 972-8565

#### **HAWAII**

Commissioner of Securities  
Business Registration Division  
Department of Commerce  
and Consumer Affairs  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813  
(808) 586-2722

#### **ILLINOIS**

Attorney General of the State of Illinois  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4465

#### **INDIANA**

Indiana Secretary of State  
201 State House  
200 West Washington Street  
Indianapolis, Indiana 46204  
(317) 232-6531

#### **MARYLAND**

Maryland Securities Commissioner  
at the Office of Attorney General-  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202-2021  
(410) 576-6360

#### **MICHIGAN**

Department of Attorney General  
Corporate Oversight Division  
P.O. Box 30755  
Lansing, Michigan 48909  
(517) 373-7117

#### **MINNESOTA**

Commissioner of Commerce  
Department of Commerce  
85 7th Place East, Suite 280  
St. Paul, Minnesota 55101-2198  
(651) 539-1600

#### **NEW YORK**

Attention: New York Secretary of State  
New York Department of State  
One Commerce Plaza  
99 Washington Ave., 6th Floor  
Albany, New York 12231  
(518) 473-2492

**NORTH DAKOTA**

Securities Commissioner, State of North Dakota  
600 East Boulevard Avenue, 5th Floor  
Bismarck, North Dakota 58505-0510  
(701) 328-4712

**OREGON**

Oregon Division of Finance and Corporate  
Securities  
350 Winter Street NE, Room 410  
Salem, Oregon 97301-3881  
(503) 378-4387

**RHODE ISLAND**

Director of Department of Business Regulation  
1511 Pontiac Avenue  
John O. Pastore Complex – Building 68-2  
Cranston, Rhode Island 02920  
(401) 462-9500

**SOUTH DAKOTA**

Department of Labor and Regulation  
Division of Insurance - Securities Regulation  
124 S. Euclid Ave., Suite 104  
Pierre, South Dakota 57501  
(605) 773-4823

**VIRGINIA**

Clerk, Virginia State Corporation Commission  
1300 East Main Street, 1<sup>st</sup> Floor  
Richmond, Virginia 23219  
(804) 371-9733

**WASHINGTON**

Director, Department of Financial Institutions  
Securities Division – 3<sup>rd</sup> Floor  
150 Israel Road Southwest  
Tumwater, Washington 98501  
(360) 902-8760

**WISCONSIN**

Administrator, Division of Securities  
Department of Financial Institutions  
345 West Washington Avenue  
Madison, Wisconsin 53703  
(608) 266-8557

**EXHIBIT E TO FRANCHISE DISCLOSURE DOCUMENT**  
**FINANCIAL STATEMENTS**

**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.**

# Balance Sheet

YTD as of ~~6/30/2023~~ 5/31/2024

## ASSETS

### Current Asset

Cash & Cash Equivalents	<del>162,407</del> <u>152,471</u>
Due To/From Killer Burger LLC	<del>223,346</del> <u>112,841</u>
<b>Total Current Asset</b>	<del>385,753</del> <u>265,312</u>
<b>Fixed Asset</b>	
KBF Website Development	88,000
<b>Total Fixed Asset</b>	<b>88,000</b>
<b>Other Asset</b>	
Other Assets	-17,600
KBF - Deferred Tax Asset	21,400
KBF - Deferred Tax Asset Allowance	-40,300
<b>Total Other Asset</b>	<b>-36,500</b>
<b>Total <u>TOTAL</u> ASSETS</b>	<del>437,253</del> <u>316,812</u>
<b>LIABILITIES &amp; EQUITY</b>	

## Liabilities

### Current Liability

<u>Accounts Payable</u>	<u>26,545</u>
KBF - Federal Tax Payable	5,300
KBF - Oregon Tax Payable	1,500
KBF - Idaho Tax Payable	600
Notes Payable	-409,060
<b>Total Current Liability</b>	<del>-401,660</del> <u>-375,116</u>
<b>Total Liabilities</b>	<del>-401,660</del> <u>-375,116</u>
<b>Equity</b>	
<b>Equity</b>	
Retained Earnings	<del>-191,786</del> <u>-154,943</u>
KBF Additional Paid-In Capital	603,433
KBF Capital Stock	100,000
YTD Income	<del>327,266</del> <u>143,438</u>
<b>Total Equity</b>	<del>838,914</del> <u>691,928</u>
<b>Total Equity</b>	<del>838,914</del> <u>691,928</u>
<b>Total <u>TOTAL</u> LIABILITIES &amp; EQUITY</b>	<del>437,253</del> <u>316,812</u>

# Profit & Loss

YTD Period Ending 06/30/2023

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## Profit & Loss

YTD Period Ending 05/31/2024

Sales		
KBF Brand Fund Contribution	65,106	40.88% 17.20%
<b>KBF Franchise Fees</b>	205,000	34.25% 80.88%
KBF Royalties	321,566	63.72%
KBF Technology Fees	6,900	1.15%
		1.92%
<b>Total Sales</b>	<b>598,572</b>	100.00%
<b>Prime Cost</b>	<b>20,302</b>	3.39% 8.37%
Salary & Wages		
<b>Total Prime Cost</b>	<b>20,302</b>	3.39% 8.37%
<b>Operating Expense</b>	<b>95,778</b>	16.00%
KBF Salaries - Administrative	30,000	5.01%
<b>Advertising &amp; Promotion</b>	7,920	1.32%
<b>KFB Reimbursable Expenses</b>	10,000	1.67%
<b>Subscriptions/Software</b>	510	0.09%
<b>Office Supplies/Expenses</b>	6,791	1.14%
<b>Legal Fees</b>	15,742	2.63%
<b>Travel &amp; Lodging</b>	65,106	10.88%
<b>KBF Brand Fund to KB Balance Sheet</b>	19,156	3.20%
<b>KBF Payroll Taxes &amp; Benefits</b>		27.49%
<u>Credit Card Fees</u>		0.02%
<u>KFB Reimbursable Expenses</u>		1.97%
<u>Board Service Fees</u>		3.08%
<u>Office Supplies/Expenses</u>		0.08%
<u>Recruiting</u>		3.15%
<u>Legal Fees</u>		5.49%
<u>Professional Consultant Fees</u>		1.08%
<u>KBF Brand Fund to KB Balance Sheet</u>		17.20%
<u>KBF Payroll Taxes &amp; Benefits</u>		3.85%
<b>Total Operating Expense</b>	<b>251,003</b>	41.93% 63.41%
<b>Net Profit</b>	<b>327,266</b>	54.68% 28.23%

87,415

411,008

9,750

**508,173**

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42,530

**42,530**

139,690

96

10,000

15,625

425

15,990

27,909

5,500

87,415

19,555

**322,205**

**143,438**

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# Killer Burger Franchising, Inc.

Financial Statements  
December 31, ~~2022~~2023 and  
2022

Killer Burger Franchising, Inc.  
Financial Statements  
December 31, 2023 and 2022

## Table of Contents

	<u>Page</u>
<u>Independent Auditors' Report</u>	<u>1-2</u>
<u>Financial Statements</u>	
<u>Balance Sheets</u>	<u>3</u>
<u>Statements of Operations</u>	<u>4</u>
<u>Statements of Changes in Stockholder's Equity</u>	<u>5</u>
<u>Statements of Cash Flows</u>	<u>6</u>
<u>Notes to Financial Statements</u>	<u>7</u>



Geoffrey Dougall,  
CPA Heather  
Jackson, CPA Richard  
Winkel, CPA

Members of AICPA & OSCPA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of  
Killer Burger Franchising, Inc.

### Opinion

We have audited the accompanying financial statements of Killer Burger Franchising, Inc., an Oregon Corporation, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Killer Burger Franchising, Inc. as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Killer Burger Franchising, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Killer Burger Franchising, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Killer Burger Franchising, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Killer Burger Franchising, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Dougall Conradi LLC

Portland, Oregon June 17, 2024

Killer Burger Franchising, Inc.  
Balance Sheets  
December 31, 2023 and 2022

2023                      2022                     

**Assets**

**Current Assets**

<u>Cash and cash equivalents</u>	\$ <u>101,589</u>	\$ <u>66,411</u>
<u>Accounts receivable</u>	<u>55,893</u>	<u>32,425</u>
<b><u>Total Current Assets</u></b>	<b><u>157,482</u></b>	<b><u>98,836</u></b>

<b><u>Non Current Assets</u></b>			
<u>Related party note receivable</u>		379,337	409,060
<u>Website development costs, net of accumulated amortization</u>		<u>52,800</u>	<u>70,400</u>
<b><u>Total Non Current Assets</u></b>		<b><u>432,137</u></b>	<b><u>479,460</u></b>
<b><u>Total Assets</u></b>		<b><u>\$ 589,619</u></b>	<b><u>\$ 578,296</u></b>
	<b><u>Liabilities and Stockholder's Equity</u></b>		
<b><u>Current Liabilities</u></b>			
<u>Accounts payable</u>		\$ 32,429	\$ 40,348
<u>Income taxes payable</u>		2,208	7,400
<u>Unearned franchise fees</u>		<u>35,000</u>	<u>-</u>
<b><u>Total Current Liabilities</u></b>		<b><u>69,637</u></b>	<b><u>47,748</u></b>
<b><u>Non Current Liabilities</u></b>			
<u>Deferred income tax liability</u>		<u>14,000</u>	<u>18,900</u>
<b><u>Total Liabilities</u></b>		<b><u>83,637</u></b>	<b><u>66,648</u></b>
<b><u>Stockholder's Equity</u></b>			
<u>Common stock, no par value, 1,000 shares authorized,</u>			
<u>1,000 issued and outstanding</u>		<u>100,000</u>	<u>100,000</u>
<u>Additional paid-in capital</u>		603,433	603,433
<u>Retained earnings (accumulated deficit)</u>		<u>(197,451)</u>	<u>(191,785)</u>
<b><u>Total Stockholder's Equity</u></b>		<b><u>505,982</u></b>	<b><u>511,648</u></b>
<b><u>Total Liabilities and Stockholder's Equity</u></b>		<b><u>\$ 589,619</u></b>	<b><u>\$ 578,296</u></b>

Statements of Operations  
For the Years Ended December 31, 2023 and 2022

2023                      2022                     

**Revenues**

<u>Royalties</u>	\$ 763,717	\$ 444,298
<u>Franchise fees</u>	<u>217,500</u>	<u>102,960</u>
<u>Other fees and miscellaneous income</u>	<u>170,827</u>	<u>122,313</u>
<b><u>Total Revenues</u></b>	<b><u>1,152,044</u></b>	<b><u>669,571</u></b>

The Accompanying Notes Are An Integral Part of These Financial Statements

Killer Burger Franchising, Inc.

**Operating Expenses**

Advertising and marketing	183,577	124,966
Amortization expense	17,600	17,600
Bank charges and merchant fees	-	939
Dues and subscriptions	12,094	15,150
Legal and professional	278,548	67,364
Meals	-	1,861
Offices expenses	10,112	1,549
Rent and storage	35,852	-
Salaries and wages	500,383	267,730
Payroll taxes and benefits	53,999	52,601
Supplies	15,840	1,379
Taxes and licenses	-	530
Travel expenses	58,005	21,049
<b>Total Operating Expenses</b>	<b>1,166,010</b>	<b>572,718</b>
<b>Net Income (Loss) from Operations</b>	<b>(13,966)</b>	<b>96,853</b>
<b>Other Income (Expense)</b>		
Interest expense	-	(870)
<b>Net Income (Loss) before Provision for Income Taxes</b>	<b>(13,966)</b>	<b>95,983</b>
(Benefit) provision for income taxes	8,300	(26,300)
<b>Net Income (Loss)</b>	<b>\$ (5,666)</b>	<b>\$ 69,683</b>

Statement of Changes in Stockholder's Equity  
For the Years Ended December 31, 2023 and 2022

	<u>Additional</u>	<u>Retained Earnings</u>	
<u>Common</u>	<u>Paid-in</u>	<u>(Accumulated</u>	
<u>Stock</u>	<u>Capital</u>	<u>deficit)</u>	<u>Total</u>

Balance at December 31, 2020      \$      603,433      \$      (261,468)      \$      441,965

Net income (loss)      \_\_\_\_\_      -      \_\_\_\_\_

Balance at December 31,      \_\_\_\_\_      -      \_\_\_\_\_

2022 Net income (loss)      \_\_\_\_\_

Balance at December 31, 2022      \$      100,000      \$      603,433      \$      (197,451)      \$      505,982

Statements of Cash Flows  
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Net income (loss)	\$ (5,666)	\$ 69,683
Adjustment to reconcile net income (loss) to net cash provided by operating activities:		
Amortization expense	17,600	17,600

The Accompanying Notes Are An Integral Part of These Financial Statements

Killer Burger Franchising, Inc.

<u>(Increase) decrease in:</u>		
<u>Accounts receivable</u>	(23,468)	(11,090)
<u>Increase (decrease) in:</u>		
<u>Accounts payable</u>	(7,919)	(18,345)
<u>Income taxes payable</u>	(5,192)	7,400
<u>Unearned franchise fees</u>	35,000	(65,460)
<u>Deferred tax liability</u>	(4,900)	18,900
	<u>5,455</u>	<u>18,688</u>
<u>Net cash provided by (used in) operating activities</u>		
<u>Cash Flows from Investing Activities</u>		
<u>Receipts on notes receivable to a related party</u>	29,723	-
<u>Advances on notes receivable to a related party</u>	-	(409,060)
	<u>29,723</u>	<u>(409,060)</u>
<u>Net cash used in investing activities</u>		
<u>Net change in cash and cash equivalents</u>	35,178	(390,372)
<u>Cash and cash equivalents, beginning of year</u>	66,411	456,783
<u>Cash and cash equivalents, ending of year</u>	\$ 101,589	\$ 66,411
<u>Cash paid during the year for interest</u>	\$ -	\$ 870
<u>Cash paid during the year for taxes</u>	\$ 1,835	\$ -

The Accompanying Notes Are An Integral Part of These Financial Statements

Killer Burger Franchising, Inc.  
Notes to Financial Statements  
December 31, 2023 and 2022

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**Note 1 Nature of Organization and Summary of Significant Accounting Policies**

Nature of Organization

Killer Burger Franchising, Inc. was formed in November 2016 with the purpose of selling franchises for the establishment and operation of a fast-casual hamburger restaurant business utilizing the "Killer Burger" concept and business operating system for providing gourmet hamburgers with associated side dishes, beer and wine in a relaxing restaurant atmosphere for lunch and dinner. Franchises are sold in several states.

Basis of Accounting

The records of the Company are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America (U.S. GAAP).

Cash and Cash Equivalents

The Company considers all short-term highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consists entirely of amounts due from franchisees related to royalties and technology fees from franchise agreements. The balance is stated net of an allowance for doubtful accounts. The Company reserves a franchisee's receivable balance based upon the age of the receivable and consideration of other factors and events. Management closely monitors outstanding balances and writes off, as of year-end, all balances that have been determined to be uncollectible. Management has determined that no allowance is necessary at December 31, 2022 and 2021.

Website Development Costs

Website development costs consist entirely of costs paid related to the acquisition and development of the Company's website which are required to be capitalized under GAAP. The costs are amortized using the straight-line method over the 5 year estimated useful life of the website.

Income Taxes

The provision for incomes taxes is based on taxes payable or refundable for the current year and deferred taxes on temporary differences between the amount of taxable income and pretax financial income and between the tax basis of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities are included in the financial statements at current income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled.

The Company is taxed as a corporation for income tax purposes. Under those provisions, the Company pays federal and state income taxes on its taxable income and is allowed a net operating loss carryover or carry-back as a deduction.

**Note 1 Nature of Organization and Summary of Significant Accounting Policies - Continued**

Killer Burger Franchising, Inc.  
Notes to Financial Statements  
December 31, 2023 and 2022

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Management evaluates its income tax positions on a regular basis and believes it has taken no uncertain tax positions that could result in additional taxes to the Company. The Company has not recorded any interest or penalties associated with uncertain tax positions. Generally, tax returns years remain subject to examination by the federal, state and local taxing authorities for three years.

Revenue Recognition

Revenues from franchise fees associated with the sale of franchises are generally recognized over the course of executing the franchise agreement which includes development assistance, training and the store opening. For most locations, royalty fees are based on 5% of franchise gross sales as earned and a brand fund fee is based on 1% of franchise gross sales as earned. Technology fees are recognized monthly at \$150 per month per franchisee. Deferred franchise fee revenue represents franchise fees that have been collected, but for which performance obligations have not yet been completed. The Company recognizes costs related to franchise contracts in the period in which performance obligations are completed.

Advertising

The Company expenses non-direct response advertising costs as incurred. Advertising expense was \$183,577 and \$124,966 for the years ended December 31, 2023 and 2022, respectively. Fair Value Instruments  
The carrying value of the Company's receivables and accounts payable approximate fair value as of December 31, 2023 and 2022 due to the short-term nature of the instruments.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include those assumed in valuing the valuation allowance for deferred income taxes.

**Note 2 Concentration of Credit Risks**

Cash and cash equivalents are held in accounts insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Company had no amounts exceeding FDIC coverage for the years ended December 31, 2023 or 2022.

**Note 3 Related Party Transactions**

Killer Burger, LLC, the Company's sole shareholder, provides franchise sales, marketing and training services for franchisees along with other administrative services for the Company. The amount of services Killer Burger, LLC provided to the Company was \$766,691 and \$488,596 for the years ended December 31, 2023 and 2022, respectively. These amounts are comprised of salaries and wages, payroll taxes and benefits, office expenses, travel, professional services and advertising and marketing on the accompanying statements of operations.

**Note 3 Related Party Transactions - Continued**

The Company had accounts payables due to Killer Burger, LLC in the amount of \$16,129 and \$40,348 as of December 31, 2023 and 2022, respectively.

Killer Burger Franchising, Inc.  
Notes to Financial Statements  
December 31, 2023 and 2022

**Note 4 Website Development Costs**

The Company had the following website development costs capitalized as of December 31,:

	2023	2022
Website development costs	\$ 88,000	\$ 88,000
Less accumulated amortization	(35,200)	(17,600)
Total	\$ 52,800	\$ 70,400

Amortization expense was \$17,600 and \$17,600 for the years ended December 31, 2023 and 2022, respectively.

**Note 5 Franchising Contracts**

All of the Company's revenues are generated from the execution of franchise agreements.

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreements require the franchisee to pay an initial non-refundable franchise fee of \$40,000 which is due upon the execution of the franchise agreement. Revenues are recognized upon completion of multiple franchise development milestones, including completion of trainings, construction, and store opening, subject to state franchise rules.

The company has thirteen operating franchise locations as of December 31, 2023 and had seven operating franchise locations as of December 31, 2022. The Company sold seven additional franchise locations and opened six of them during the year ended December 31, 2023 and three additional franchise during the year ended December 31, 2022.

The Company has recognized the following revenues related to its franchise agreements during the years ended December 31, 2023 and 2022:

	2023	2022
Franchise development milestones and fees	\$ 217,500	\$ 102,960
Royalties and fees	934,544	566,611
Total	\$ 1,152,044	\$ 669,571

**Note 6 Income Taxes**

The provision for income taxes consists of the following for the year ended December 31, 2023 and 2022:

	2023	2022
Current:		

Killer Burger Franchising, Inc.  
Notes to Financial Statements  
December 31, 2023 and 2022

<u>Federal</u>	\$ 1,200	\$ 5,300
<u>States</u>	<u>1,008</u>	<u>2,100</u>
<u>Total current provision for income taxes</u>	<u>2,208</u>	<u>7,400</u>
<u>Deferred</u>		
<u>  Federal</u>	<u>(11,000)</u>	<u>14,800</u>
<u>  States</u>	<u>(3,000)</u>	<u>1,900</u>
<u>Change in valuation allowance</u>	<u>3,492</u>	<u>2,200</u>
<u>Total deferred (benefit) provision for income taxes</u>	<u>(10,508)</u>	<u>18,900</u>
<u>(Benefit) Provision for income taxes</u>	<u>\$ (8,300)</u>	<u>\$ 26,300</u>

The provision for income taxes differs from the amounts computed by applying the federal and state statutory income tax rates to income before federal tax expense, as indicated in the following analysis:

	2023	2022
<u>Federal statutory income tax at 21%</u>	<u>\$ (9,907)</u>	<u>\$ 20,150</u>
<u>State</u>	<u>1,607</u>	<u>6,150</u>
<u>(Benefit) Provision for income taxes</u>	<u>\$ (8,300)</u>	<u>\$ 26,300</u>

**Note 6 Income Taxes - Continued**

There were no interest and penalties during the years ended December 31, 2023 and 2022. As of December 31, 2023, the Company's net operating loss carryforward for income tax purposes was approximately \$123,000.

A cumulative net deferred tax liability is included in noncurrent liabilities. The components of the liability are as follows:

	2022	2021
<u>Deferred tax assets:</u>		
<u>Net operating loss carryforwards</u>	<u>\$ 32,800</u>	<u>\$ 38,100</u>
<u>Allowance on deferred tax asset</u>	<u>(32,800)</u>	
<u>(38,100) Deferred tax liabilities:</u>		
<u>Differences in amortization methods</u>	<u>(14,000)</u>	<u>(18,900)</u>
<u>Net deferred tax liability</u>	<u>\$ (14,000)</u>	<u>\$ (18,900)</u>

Federal net operating losses can be carried forward indefinitely, and net operating losses generated after 2021

Killer Burger Franchising, Inc.  
Notes to Financial Statements  
December 31, 2023 and 2022

can only reduce 80% of taxable income. Oregon net operating losses can be carried forward a maximum of fifteen years. As of December 31, 2023, a full valuation allowance was established against deferred tax assets because management believes that it is not more likely than not that the Company would realize the deferred tax assets based on the Company's estimates of its future earnings and the expected timing of temporary difference reversal. The total valuation allowance decreased by \$7,500 for the year ended December 31, 2023.

**Note 7 Related Party Note Receivable**

The Company has advanced \$379,337 and \$409,060 to the Company's sole shareholder as of December 31, 2023 and 2022, respectively. This note does not accrue interest and is payable on demand.

**Note 8 Commitments and Contingencies**

Litigation

From time-to-time, the Company may be subject to various litigation and other claims in the normal course of business. The Company establishes liabilities in connection with legal actions that management deems to be probable and estimable. No amounts have been accrued in the financial statements with respect to any matters.

**Note 9 Subsequent Events**

The Company has evaluated subsequent events through June 17, 2024, which is the date the financial statements were available to be issued, noting no events requiring recording or disclosure in the financial statements for the year ended December 31, 2023.

[Killer Burger Franchising, Inc.](#)  
[Notes to Financial Statements](#)  
[December 31, 2023 and 2022](#)  
[December 31, 2022 and 2021](#)

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**DOUGALL CONRADIE LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Members  
of Killer Burger Franchising, Inc.

**Opinion**

We have audited the accompanying financial statements of Killer Burger Franchising, Inc., an Oregon Corporation, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Killer Burger Franchising, Inc. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Killer Burger Franchising, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Killer Burger Franchising, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Killer Burger Franchising, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Killer Burger Franchising, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Dougall Corradie LLC*

Portland, Oregon  
July 12, 2023

Killer Burger Franchising, Inc.  
Balance Sheets  
December 31, 2022 and 2021

2022

2021

**Assets**

**Current Assets**

Cash and cash equivalents \$	66,411	\$	456,783		
Accounts receivable				32,425	21,335
<b>Total Current Assets</b>				98,836	478,118

<b>Non Current Assets</b>			
Related party note receivable		409,060	-
Website development costs, net of accumulated amortization		70,400	88,000
<b>Total Non Current Assets</b>		479,460	88,000
<b>Total Assets</b>		\$ 578,296	\$ 566,118
	<b>Liabilities and Stockholder's Equity</b>		
<b>Current Liabilities</b>			
Accounts payable		\$ 40,348	\$ 58,693
Income taxes payable		7,400	-
Unearned franchise fees		-	65,460
<b>Total Current Liabilities</b>		47,748	124,153
<b>Non Current Liabilities</b>			
Deferred income tax liability		18,900	-
<b>Total Liabilities</b>		66,648	124,153
<b>Stockholder's Equity</b>			
Common stock, no par value, 1,000 shares authorized, 1,000 issued and outstanding			
		100,000	100,000
Additional paid-in capital		603,433	603,433
Retained earnings (accumulated deficit)		(191,785)	(261,468)
<b>Total Stockholder's Equity</b>		511,648	441,965
<b>Total Liabilities and Stockholder's Equity</b>		\$ 578,296	\$ 566,118

Statements of Operations  
For the Years Ended December 31, 2022 and 2021

2022

2021

**Revenues**

Royalties	\$	444,298	\$	267,298
Franchise fees		102,960		40,320
Other fees and miscellaneous income		122,313		52,269

**Total Revenues**

669,571

359,887

The Accompanying Notes Are An Integral Part of These Financial Statements

Killer Burger Franchising, Inc.

**Operating Expenses**

Advertising and marketing	124,966	113,919
Amortization expense	17,600	-
Bank charges and merchant fees	939	612
Dues and subscriptions	15,150	37,666
Legal and professional	67,364	51,632
Meals	1,861	92
Offices expenses	1,549	2,644
Salaries and wages	267,730	191,182
Payroll taxes and benefits	52,601	36,493
Supplies	1,379	71
Taxes and licenses	530	350
Travel expenses	21,049	36,048
<b>Total Operating Expenses</b>	<u>572,718</u>	<u>470,709</u>
<b>Net Income (Loss) from Operations</b>	96,853	(110,822)
<b>Other Income (Expense)</b>		
Interest expense	(870)	(586)
<b>Net Income (Loss) before Provision for Income Taxes</b>	95,983	(111,408)
Provision for income taxes	(26,300)	-
<b>Net Income (Loss)</b>	<u>\$ 69,683</u>	<u>\$ (111,408)</u>

Statement of Changes in Stockholder's Equity  
For the Years Ended December 31, 2022 and 2021

	Common Stock	Additional Paid-in Capital	Retained Earnings (Accumulated deficit)	Total
Balance at December 31, 2020	\$ 100,000	\$ 603,433	\$ (150,060)	\$ 553,373
Net income (loss)			-	
Balance at December 31, 2021			-	
2021 Net income (loss)				
Balance at December 31, 2022	\$ 100,000	\$ 603,433	\$ (191,785)	\$ 511,648

Statements of Cash Flows  
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Net income (loss)	\$ 69,683	\$ (111,408)
Adjustment to reconcile net income (loss) to net cash provided by operating activities:		
Amortization expense	17,600	-
(Increase) decrease in:		

The Accompanying Notes Are An Integral Part of These Financial Statements

Killer Burger Franchising, Inc.

Accounts receivable	(11,090)	(10,625)
Increase (decrease) in:		
Accounts payable	(18,345)	51,076
Income taxes payable	7,400	-
Unearned franchise fees	(65,460)	(40,320)
Deferred tax liability	18,900	-
Net cash provided by (used in) operating activities	18,688	(111,277)
<b>Cash Flows from Investing Activities</b>		
Advances on notes receivable to a related party	(409,060)	-
Website development costs	-	(41,500)
Net cash used in investing activities	(409,060)	(41,500)
Net change in cash and cash equivalents	(390,372)	(152,777)
Cash and cash equivalents, beginning of year	456,783	609,560
Cash and cash equivalents, ending of year	\$ 66,411	\$ 456,783
Cash paid during the year for interest	\$ 870	\$ 586
Cash paid during the year for taxes	\$ -	\$ -

The Accompanying Notes Are An Integral Part of These Financial Statements

Killer Burger Franchising, Inc.  
Notes to Financial Statements  
December 31, 2022 and 2021

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**Note 1 Nature of Organization and Summary of Significant Accounting Policies**

Nature of Organization

Killer Burger Franchising, Inc. was formed in November 2016 with the purpose of selling franchises for the establishment and operation of a fast-casual hamburger restaurant business utilizing the "Killer Burger" concept and business operating system for providing gourmet hamburgers with associated side dishes, beer and wine in a relaxing restaurant atmosphere for lunch and dinner. Franchises are sold in several states.

Basis of Accounting

The records of the Company are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America (U.S. GAAP).

Cash and Cash Equivalents

The Company considers all short-term highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consists entirely of amounts due from franchisees related to royalties and technology fees from franchise agreements. The balance is stated net of an allowance for doubtful accounts. The Company reserves a franchisee's receivable balance based upon the age of the receivable and consideration of other factors and events. Management closely monitors outstanding balances and writes off, as of year-end, all balances that have been determined to be uncollectible. Management has determined that no allowance is necessary at December 31, 2022 and 2021.

Website Development Costs

Website development costs consist entirely of costs paid related to the acquisition and development of the Company's website which are required to be capitalized under GAAP. The costs are amortized using the straight-line method over the 5 year estimated useful life of the website.

Income Taxes

The provision for incomes taxes is based on taxes payable or refundable for the current year and deferred taxes on temporary differences between the amount of taxable income and pretax financial income and between the tax basis of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities are included in the financial statements at current income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled.

The Company is taxed as a corporation for income tax purposes. Under those provisions, the Company pays federal and state income taxes on its taxable income and is allowed a net operating loss carryover or carry-back as a deduction.

**Note 1 Nature of Organization and Summary of Significant Accounting Policies - Continued**

Killer Burger Franchising, Inc.  
Notes to Financial Statements  
December 31, 2022 and 2021

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Management evaluates its income tax positions on a regular basis and believes it has taken no uncertain tax positions that could result in additional taxes to the Company. The Company has not recorded any interest or penalties associated with uncertain tax positions. Generally, tax returns years remain subject to examination by the federal, state and local taxing authorities for three years.

Revenue Recognition

Revenues from franchise fees associated with the sale of franchises are generally recognized over the course of executing the franchise agreement which includes development assistance, training and the store opening. For most locations, royalty fees are based on 5% of franchise gross sales as earned and a brand fund fee is based on 1% of franchise gross sales as earned. Technology fees are recognized monthly at \$150 per month per franchisee. Deferred franchise fee revenue represents franchise fees that have been collected, but for which performance obligations have not yet been completed. The Company recognizes costs related to franchise contracts in the period in which performance obligations are completed.

Advertising

The Company expenses non-direct response advertising costs as incurred. Advertising expense was \$124,966 and \$113,919 for the years ended December 31, 2022 and 2021, respectively. Fair Value Instruments  
The carrying value of the Company's receivables and accounts payable approximate fair value as of December 31, 2022 and 2021 due to the short-term nature of the instruments.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include those assumed in valuing the valuation allowance for deferred income taxes.

**Note 2 Concentration of Credit Risks**

Cash and cash equivalents are held in accounts insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The bank balance that was in excess of FDIC coverage was \$206,783 as of December 31, 2021. No amounts exceeded FDIC coverage at December 31, 2022.

**Note 3 Related Party Transactions**

Killer Burger, LLC, the Company's sole shareholder, provides franchise sales, marketing and training services for franchisees along with other administrative services for the Company. The amount of services Killer Burger, LLC provided to the Company was \$488,596 and \$336,435 for the years ended December 31, 2022 and 2021, respectively. These amounts are comprised of salaries and wages, payroll taxes and benefits, office expenses, travel, professional services and advertising and marketing on the accompanying statements of operations.

**Note 3 Related Party Transactions - Continued**

The Company had accounts payables due to Killer Burger, LLC in the amount of \$40,348 and \$35,020 as of December 31, 2022 and 2021, respectively.

Killer Burger Franchising, Inc.  
Notes to Financial Statements  
December 31, 2022 and 2021

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**Note 4 Website Development Costs**

The Company had the following website development costs capitalized as of December 31,:

	2022	2021
Website development costs	\$ 88,000	\$ 88,000
Less accumulated amortization	(17,600)	-
Total	\$ <u>70,400</u>	\$ <u>88,000</u>

Amortization expense was \$17,600 and \$0 for the years ended December 31, 2022 and 2021, respectively.

**Note 5 Franchising Contracts**

All of the Company's revenues are generated from the execution of franchise agreements.

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreements require the franchisee to pay an initial non-refundable franchise fee of \$40,000 which is due upon the execution of the franchise agreement. Revenues are recognized upon completion of multiple franchise development milestones, including completion of trainings, construction, and store opening, subject to state franchise rules.

The company has seven operating franchise locations as of December 31, 2022 and had four operating franchise locations as of December 31, 2021. The Company sold three additional franchise locations during the year ended December 31, 2022 and one additional franchise during the year ended December 31, 2021.

The Company has recognized the following revenues related to its franchise agreements during the years ended December 31, 2022 and 2021:

	2022	2021
Franchise development milestones and fees	\$ 102,960	\$ 40,320
Royalties and fees	566,611	319,567
Total	\$ <u>669,571</u>	\$ <u>359,887</u>

**Note 5 Franchising Contracts - Continued**

At December 31, 2022 the Company has an agreement with a franchisee to open 5 additional locations over the next three years. No amounts have been collected from the franchisees so there are no unearned franchise fees related to these franchises.

At December 31, 2021 the Company had two franchises in development with unearned franchise fees. The Company classifies contract liabilities as deferred franchise fee revenues on its balance sheet. The balance of contract liabilities is \$65,460 at December 31, 2021.

Killer Burger Franchising, Inc.  
Notes to Financial Statements  
December 31, 2022 and 2021

The Company believes that it can adequately perform its obligations related to contracts.

**Note 6 Income Taxes**

The provision for income taxes consists of the following for the year ended December 31, 2022 and 2021:

	<u>2022</u>		<u>2021</u>
Current:			
Federal	\$ 5,300	\$	-
States	<u>2,100</u>		<u>-</u>
Total current provision for income taxes	<u>7,400</u>		<u>-</u>
Deferred:			
Federal	14,800		23,400
States	1,900		7,300
Change in valuation allowance	<u>2,200</u>		<u>(30,700)</u>
Total deferred provision for income taxes	<u>18,900</u>		<u>-</u>
Provision for income taxes	\$ <u>26,300</u>	\$	<u>-</u>

The provision for income taxes differs from the amounts computed by applying the federal and state statutory income tax rates to income before federal tax expense, as indicated in the following analysis:

	<u>2022</u>		<u>2021</u>
Federal statutory income tax at 21%	\$ 20,150	\$	-
State	<u>6,150</u>		<u>-</u>
Provision for income taxes	\$ <u>26,300</u>	\$	<u>-</u>

**Note 6 Income Taxes - Continued**

There were no interest and penalties during the years ended December 31, 2022 and 2021. As of December 31, 2022, the Company's net operating loss carryforward for income tax purposes was approximately \$146,000.

A cumulative net deferred tax liability is included in noncurrent liabilities. The components of the liability are as follows:

	<u>2022</u>		<u>2021</u>
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Killer Burger Franchising, Inc.  
Notes to Financial Statements  
December 31, 2022 and 2021

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Deferred tax assets:		
Net operating loss carryforwards	\$ 38,100	\$ 40,300
Allowance on deferred tax asset	(38,100)	
(40,300) Deferred tax liabilities:		
Differences in amortization methods	<u>(18,900)</u>	<u>-</u>
Net deferred tax liability	<u>\$ (18,900)</u>	<u>\$ -</u>

Federal net operating losses can be carried forward indefinitely, and net operating losses generated after 2020 can only reduce 80% of taxable income. Oregon net operating losses can be carried forward a maximum of fifteen years. As of December 31, 2022, a full valuation allowance was established against deferred tax assets because management believes that it is not more likely than not that the Company would realize the deferred tax assets based on the Company's estimates of its future earnings and the expected timing of temporary difference reversal. The total valuation allowance decreased by \$2,200 for the year ended December 31, 2022.

**Note 7 Related Party Note Receivable**

The Company has advanced \$409,060 to the Company's sole shareholder as of December 31, 2022. This note does not accrue interest and is payable on demand.

**Note 8 Commitments and Contingencies**

Litigation

From time-to-time, the Company may be subject to various litigation and other claims in the normal course of business. The Company establishes liabilities in connection with legal actions that management deems to be probable and estimable. No amounts have been accrued in the financial statements with respect to any matters.

**Note 9 Subsequent Events**

The Company has evaluated subsequent events through July 12, 2023, which is the date the financial statements were available to be issued, noting no events requiring recording or disclosure in the financial statements for the year ended December 31, 2022.

Killer Burger Franchising, Inc.  
Notes to Financial Statements  
December 31, 2022 and 2021

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~~Killer Burger Franchising, Inc.~~

~~Financial Statements December 31, 2021 and 2020~~

~~Dougall Conradie  
LLC PO Box 400  
Beaverton, OR  
97075~~

~~Killer Burger Franchising,  
Inc.  
Financial Statements  
December 31, 2021 and  
2020~~

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<del>Notes to Financial Statements</del>	December 31, 2022 and 2021

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DOUGALL CONRADIE LLC  
CERTIFIED PUBLIC ACCOUNTANTS

Inc.

~~We have audited the accompanying financial statements of Killer Burger Franchising, Inc., an Oregon Corporation, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.~~

~~In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Killer Burger Franchising, Inc. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.~~

#### ~~Basis for Opinion~~

~~We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Killer Burger Franchising, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.~~

#### ~~Responsibilities of Management for the Financial Statements~~

~~Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.~~

~~In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Killer Burger Franchising, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.~~

#### ~~Auditor's Responsibilities for the Audit of the Financial Statements~~

~~Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.~~

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~~In performing an audit in accordance with generally accepted auditing standards, we:~~

- ~~• Exercise professional judgment and maintain professional skepticism throughout the audit.~~
- ~~• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.~~
- ~~• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Killer Burger Franchising, Inc.'s internal control. Accordingly, no such opinion is expressed.~~
- ~~• Evaluate the appropriateness of accounting policies used and the reasonableness of significant~~

~~accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.~~

~~•Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Killer Burger Franchising, Inc.'s ability to continue as a going concern for a reasonable period of time.~~

~~We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.~~

Dougall Corradie LLC

~~Portland, Oregon~~  
~~April 1, 2022~~

## Balance Sheets December 31, 2021 and 2020

Killer Burger Franchising, Inc.  
Notes to Financial Statements  
December 31, 2022 and 2021

2021 2020

### Assets

#### Current Assets

#### Cash and cash equivalents

\$ 456,783 \$

609,560

#### Accounts receivable

#### Total Current Assets

21,335 10,710

478,118 620,270

Non Current Assets			
Website development costs		<u>88,000</u>	<u>46,500</u>
Total Non Current Assets		<u>88,000</u>	<u>46,500</u>
Total Assets		<u>\$ 566,118</u>	<u>\$ 666,770</u>
	<b>Liabilities and Stockholder's Equity</b>		
Current Liabilities			
Accounts payable		<u>\$ 58,693</u>	<u>\$ 7,617</u>
Unearned franchise fees		<u>65,460</u>	<u>105,780</u>
Total Current Liabilities		124,153	113,397
Stockholder's Equity			
Common stock, no par value, 1,000 shares authorized, 1,000 issued and outstanding		100,000	100,000
Additional paid-in capital		603,433	603,433
Retained earnings (accumulated deficit)		<u>(261,468)</u>	<u>(150,060)</u>
Total Stockholder's Equity		<u>441,965</u>	<u>553,373</u>
Total Liabilities and Stockholder's Equity		<u>\$ 566,118</u>	<u>\$ 666,770</u>

### Statements of Operations

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues, net		
Royalties	<u>\$ 267,298</u>	<u>\$ 227,020</u>
Franchise fees	<u>40,320</u>	<u>14,220</u>
Other fees / income	<u>52,269</u>	<u>9,200</u>
Total Revenues, net	<u>359,887</u>	<u>250,440</u>

<b>Operating Expenses</b>		
Advertising and marketing	413,919	27,954
Bank charges and merchant fees	612	455
Dues and subscriptions	37,666	38,778
Legal and professional	51,632	23,783
Meals	92	526
Offices expenses	2,644	2,207
Salaries and wages	191,182	152,711
Payroll taxes and benefits	36,493	30,030
Supplies	71	1,284
Taxes and licenses	350	442
Travel expenses	<u>36,048</u>	<u>6,970</u>
<b>Total Operating Expenses</b>	<u>470,709</u>	<u>285,140</u>
<b>Net Income (Loss) from Operations</b>	(110,822)	(34,700)
<b>Other Income (Expense)</b>		
Interest expense	<u>(586)</u>	<u>(375)</u>
<b>Total Other Income (Expense)</b>	<u>(586)</u>	<u>(375)</u>
<b>Net Income (Loss)</b>	<u>\$ (111,408)</u>	<u>\$ (35,075)</u>

**Statement of Changes in Stockholder's Equity For the Years Ended December 31, 2021 and 2020**

	<b>Addition al</b>	<b>Retained Earnings</b>	
<b>Common</b>	<b>Paid-in</b>	<b>(Accumulated</b>	
<b>Stock</b>	<b>Capital</b>	<b>deficit)</b>	<b>Total</b>

Balance at December 31, 2019 \$ - \$  
\$ (114,985)  
 (114,985)

Contributions

Net income (loss)

Balance at December 31, 2020 Net income (loss)

-100,000	603,433	-	703,433
<u>-</u>	<u>-</u>	<u>(35,075)</u>	<u>(35,075)</u>
603,433	(150,060)	553,373	
<u>-</u>	<u>-</u>	<u>(111,408)</u>	<u>(111,408)</u>

Balance at December 31, 2021

\$ 100,000  
\$ 603,433  
\$ (261,468)

Killer Burger Franchising, Inc.  
Notes to Financial Statements  
December 31, 2022 and 2021

~~\$ 441,965~~

<b>Statements of Cash Flows</b>		
<b>For the Years Ended December 31, 2021 and 2020</b>		
	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities</b>		
Net income (loss)	\$ (111,408)	\$ (35,075)
Adjustment to reconcile net income (loss) to net cash provided by operating activities:		
(Increase) decrease in:		
Accounts receivable	(10,625)	(489)
Increase (decrease) in: Accounts payable	51,076	(587)
Unearned franchise fees	<u>          </u>	<u>105,780</u>
	<u>(40,320)</u>	

Net cash (used in) provided by operating activities (111,277) 69,629

~~Cash Flows from Investing Activities Website development costs~~

~~(41,500) (46,500)~~

Net cash used in investing activities (41,500) (46,500)

**Cash Flows from Financing Activities**

Principal payments on notes payable – related party	-	(150,000)
Proceeds from issuance of common stock	-	100,000
Additional paid in capital	<u>-</u>	<u>603,433</u>
Net cash provided by by financing activities	<u>-</u>	<u>553,433</u>
Net (decrease) increase in cash and cash equivalents	(152,777)	576,562
Cash and cash equivalents, beginning of year	<u>609,560</u>	<u>32,998</u>
Cash and cash equivalents, ending of year	<u>\$ 456,783</u>	<u>\$ 609,560</u>
Cash paid during the year for interest	<u>\$ 586</u>	<u>\$ 1,500</u>

Killer Burger Franchising, Inc.  
Notes to Financial Statements  
December 31, 2022 and 2021

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**Note 1 Nature of Organization and Summary of Significant Accounting Policies**

**Nature of Organization**

~~Killer Burger Franchising, Inc. was formed in November 2016 with the purpose of selling franchises for the establishment and operation of a fast-casual hamburger restaurant business utilizing the "Killer Burger" concept and business operating system for providing gourmet hamburgers with associated side dishes, beer and wine in a relaxing restaurant atmosphere for lunch and dinner. Franchises are sold in several states.~~

**Basis of Accounting**

~~The records of the Company are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America (U.S. GAAP).~~

**Cash and Cash Equivalents**

~~The Company considers all short-term highly liquid investments with original maturities of three months or less to be cash equivalents.~~

**Accounts Receivable**

~~Accounts receivable consists entirely of amounts due from franchisees related to royalties and technology fees from franchise agreements. The balance is stated net of an allowance for doubtful accounts. The Company reserves a franchisee's receivable balance based upon the age of the receivable and consideration of other factors and events. Management closely monitors outstanding balances and writes off, as of year-end, all balances that have been determined to be uncollectible. Management has determined that no allowance is necessary at December 31, 2021 and 2020.~~

**Website Development Costs**

~~Website development costs consist entirely of costs paid related to the acquisition and development of the Company's website which are required to be capitalized under GAAP. The website is still under development as of December 31, 2021. Once development is completed, the Company will amortize costs using the straight-line method over the useful life of the website.~~

**Income Taxes**

~~The provision for incomes taxes is based on taxes payable or refundable for the current year and deferred taxes on temporary differences between the amount of taxable income and pretax financial income and between the tax basis of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities are included in the financial statements at current income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled.~~

~~The Company, as a part of a corporate restructure effective January 2020, has terminated its S-Election and is now taxed as a corporation for income tax purposes. Under those provisions, the Company pays federal corporate income taxes on its taxable income and is allowed a net operating loss carryover or carry-back as a deduction.~~

~~Note 1 Nature of Organization and Summary of Significant Accounting Policies – Continued~~

Killer Burger Franchising, Inc.  
Notes to Financial Statements  
December 31, 2022 and 2021

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~~Management evaluates its income tax positions on a regular basis and believes it has taken no uncertain tax positions that could result in additional taxes to the Company. The Company has not recorded any interest or penalties associated with uncertain tax positions. Generally, tax returns years remain subject to examination by the federal, state and local taxing authorities for three years.~~

#### Revenue Recognition

~~Revenues from franchise fees associated with the sale of franchises are generally recognized over the course of executing the franchise agreement which includes development assistance, training and the store opening. For most locations, royalty fees are based on 5% of franchise gross sales as earned and a brand fund fee is based on 1% of franchise gross sales as earned. Technology fees are recognized monthly at \$150 per month per franchisee. Deferred franchise fee revenue represents franchise fees that have been collected, but for which performance obligations have not yet been completed. The Company recognizes costs related to franchise contracts in the period in which performance obligations are completed.~~

#### Advertising

~~The Company expenses non-direct response advertising costs as incurred. Advertising expense was \$113,919 and \$27,954 for the years ended December 31, 2021 and 2020, respectively.~~

#### Fair Value Instruments

~~The carrying value of the Company's receivables and accounts payable approximate market value as of December 31, 2021 and 2020 due to the short-term nature of the instruments.~~

#### Use of Estimates

~~The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include those assumed in valuing the allowance for doubtful accounts and the valuation allowance for deferred income taxes.~~

#### Note 2 Concentration of Credit Risks

~~The cash account is insured by the Federal Deposit Insurance Corporation (FDIC). The bank balance that was in excess of FDIC coverage was \$206,783 and \$406,060 as of December 31, 2021 and 2020, respectively.~~

#### Note 3 Related Party Transactions

~~Killer Burger, LLC, the Company's sole shareholder, provides franchise sales, marketing and training services for franchisees along with other administrative services for the Company. The amount of services Killer Burger, LLC provided to the Company was \$336,435 and \$211,025 for the years ended December 31, 2021 and 2020, respectively. These amounts are comprised of salaries and wages, payroll taxes and benefits, office expenses, travel, and advertising and marketing on the accompanying statements of operations.~~

#### Note 3 Related Party Transactions—Continued

Killer Burger Franchising, Inc.  
Notes to Financial Statements  
December 31, 2022 and 2021

~~The Company had accounts payables due to Killer Burger, LLC in the amount of \$35,020 and \$6,854 as of December 31, 2021 and 2020, respectively.~~

**Note 4 Franchising Contracts**

~~All of the Company's revenues are generated from the execution of franchise agreements.~~

~~The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreements require the franchisee to pay an initial non-refundable franchise fee of \$40,000 (reduced for franchisees who currently own at least one franchise location) which is due upon the execution of the franchise agreement. Revenues are recognized upon completion of multiple franchise development milestones, including completion of trainings, construction, and store opening, subject to state franchise rules.~~

~~The company has five operating franchise locations as of December 31, 2021 and had four operating franchise locations as of December 31, 2020. The Company sold one additional franchise during the year ended December 31, 2021 and four additional franchises during the year ended December 31, 2020.~~

~~The Company has recognized the following revenues related to its franchise agreements during the years ended December 31, 2021 and 2020:~~

	<u>2021</u>	<u>2020</u>
<del>Franchise development milestones and fees</del>	<del>\$ 40,320</del>	<del>\$ 14,220</del>
<del>Royalties and fees</del>	<del>319,567</del>	<del>236,220</del>
<del>Total</del>	<del>\$ 359,887</del>	<del>\$ 250,440</del>

~~At December 31, 2021 the Company has two franchises in development with unearned franchise fees. The Company had three franchises in development at December 31, 2020. One of those franchises in development at December 31, 2020 cancelled their franchise agreement during the year ended December 31, 2021.~~

~~The Company classifies contract liabilities as deferred franchise fee revenues on its balance sheet. The balance of contract liabilities is \$65,460 and \$105,780 at December 31, 2021 and 2020, respectively.~~

~~The Company believes that it can adequately perform its obligations related to contracts.~~

**Note 5 Income Taxes**

~~The provision for income taxes consists of the following for the year ended December 31, 2021 and 2020:~~

	<u>2021</u>	<u>2020</u>
<del>Current:</del>		
<del>Federal</del>	<del>\$ -</del>	<del>\$ -</del>

Killer Burger Franchising, Inc.  
Notes to Financial Statements  
December 31, 2022 and 2021

<del>State</del>	<del>_____</del>	<del>_____</del>
<del>Total current provision for income taxes</del>	<del>_____</del>	<del>_____</del>
<del>Deferred:</del>		
<del>Federal</del>	<del>23,400</del>	<del>7,300</del>
<del>State</del>	<del>7,300</del>	<del>2,300</del>
<del>Change in valuation allowance</del>	<del>(30,700)</del>	<del>(9,600)</del>
<del>Total deferred provision for income taxes</del>	<del>_____</del>	<del>_____</del>
<del>Provision for income taxes</del>	<del>\$ _____</del>	<del>\$ _____</del>

~~The provision for income taxes differs from the amounts computed by applying the federal and state statutory income tax rates for the years ended December 31, 2020 due to state minimum excise taxes of \$150. The Company recognizes interest and or penalties related to tax positions in income tax expense. There were no interest and penalties during the years ended December 31, 2021 and 2020. As of December 31, 2021, the Company's net operating loss carryforward for income tax purposes was approximately \$146,000.~~

~~Federal net operating losses can be carried forward indefinitely. Oregon net operating losses can be carried forward a maximum of fifteen years. The Company believes it is unlikely to recognize benefits from loss carryforwards, and has established a valuation allowance.~~

	<del>2021</del>	<del>2020</del>
<del>Deferred tax assets:</del>		
<del>Net operating loss carryforwards</del>	<del>\$ 40,300</del>	<del>\$ 9,600</del>
<del>Allowance on deferred tax asset</del>	<del>(40,300)</del>	<del>(9,600)</del>
<del>Provision for income taxes</del>	<del>\$ -</del>	<del>\$ -</del>

~~As of December 31, 2021, a full valuation allowance was established against deferred tax assets because management believes that it is not more likely than not that the Company would realize the deferred tax assets based on the Company's estimates of its future earnings and the expected timing of temporary difference reversal. The net change in the total valuation allowance for the year ended December 31, 2021 was an increase of \$30,700.~~

**Note 6 Related Party Note Payable**

~~The Company had a note payable to the Company's sole shareholder for \$150,000. This note accrued interest at 0.75% per year and had a maturity date of March 2020. This note payable was paid back in full during the year ended December 31, 2020.~~

**Note 7 Commitments and Contingencies**

**Litigation**

Killer Burger Franchising, Inc.  
Notes to Financial Statements  
December 31, 2022 and 2021

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~~From time to time, the Company may be subject to various litigation and other claims in the normal course of business. The Company establishes liabilities in connection with legal actions that management deems to be probable and estimable. No amounts have been accrued in the financial statements with respect to any matters.~~

~~Note 8 Subsequent Events~~

~~Subsequent events have been evaluated through April 1, 2022, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2021.~~

**EXHIBIT F TO FRANCHISE DISCLOSURE DOCUMENT**

**GENERAL RELEASE**

## GENERAL RELEASE

**THIS GENERAL RELEASE** (“Release”) is signed on \_\_\_\_\_, 20\_\_ by \_\_\_\_\_ (“Franchisee”) and \_\_\_\_\_ (“Guarantors”) as a condition of (1) the transfer of the Killer Burger Restaurant Franchise Agreement dated \_\_\_\_\_ between Killer Burger Franchising, Inc. (“we”, “us” or “our”) and Franchisee (“Franchise Agreement”); or (2) the signing of a successor Franchise Agreement between Franchisee and us.

**1. Release by Franchisee and Guarantors.** Franchisee (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees, in their corporate and individual capacities) and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, the “Releasers”) freely and without any influence forever release (i) us, (ii) our past and present officers, directors, shareholders, managers, members, partners, agents, and employees, in their corporate and individual capacities, and (iii) our parent, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees, in their corporate and individual capacities, (collectively, the “Released Parties”) from any and all claims, debts, demands, liabilities, suits, judgments, and causes of action of whatever kind or nature, whether known or unknown, past or present, vested or contingent, suspected or unsuspected (collectively, “Claims”), which any Releaser ever owned or held, now own or hold, or may in the future own or hold, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances and claims arising out of, or relating to, the Franchise Agreement, the offer and sale of the franchise rights related thereto and all other agreements between any Releaser and us or our parent, subsidiaries, or affiliates, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

**2. Risk of Changed Facts.** Franchisee and Guarantors understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts now known or believed by them to be true. Franchisee and Guarantors accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 will nevertheless be effective in all respects and not subject to termination or rescission by virtue of any difference in facts.

**3. Covenant Not to Sue.** Franchisee and Guarantors (on behalf of all Releasers) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 with respect to any Claim released under Section 1.

**4. No Prior Assignment and Competency.** Franchisee and Guarantors represent and warrant that: (i) Releasers are the sole owners of all Claims and rights released in Section 1 and that Releasers have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1; (ii) each Releaser has full and complete power and authority to sign this Release, and that the signing of this Release will not violate the terms of any contract or agreement between them or any court order; and (iii) this Release has been voluntarily and knowingly signed after each of them has had the opportunity to consult with counsel of their own choice.

**5. California Release.** California Civil Code §1542 provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which, if known by him must have materially affected his settlement with the debtor.

CIVIL CODE §1542 IS WAIVED BY THE PARTIES, EXCEPT AS OTHERWISE PROVIDED IN THIS GENERAL RELEASE.

**6. Washington Release.** This Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

**7. ~~6-Complete Defense.~~** Franchisee and Guarantors: (i) acknowledge that the release in Section ~~1~~ is a complete defense to any Claim released under Section 1; and (ii) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any Claim.

**8. ~~7-Successors and Assigns.~~** This Release inures to the benefit of and binds the successors, assigns, heirs, and personal representatives of the Released Parties and each Releasor.

**9. ~~8-Counterparts.~~** This Release may be signed in 2 or more counterparts (including by facsimile), each of which will be deemed an original, and all of which constitute one and the same instrument.

**10. ~~9-Capitalized Terms.~~** Any capitalized terms that are not defined in this Release have the meaning given them in the Franchise Agreement.

IN WITNESS WHEREOF, Franchisee and Guarantors have signed this Release as of the date shown above.

Witness:

FRANCHISEE:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Witness:

GUARANTORS:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
a \_\_\_\_\_ resident  
Date: \_\_\_\_\_

**EXHIBIT G TO FRANCHISE DISCLOSURE DOCUMENT**  
**STATE SPECIFIC ADDENDA**

## STATE SPECIFIC DISCLOSURES

### ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES

**REQUIRED BY THE STATE OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, VIRGINIA, WASHINGTON AND WISCONSIN.**

**No Waiver of Disclaimer of Reliance in Certain States.** The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, Virginia, Washington and Wisconsin:

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MINNESOTA  
ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT,  
FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT,  
DISCLOSURE QUESTIONNAIRE, AND RELATED AGREEMENTS

The following modifications are to the KILLER BURGER FRANCHISING, INC. Franchise Disclosure Document and may supersede certain portions of the Franchise Agreement dated \_\_\_\_\_, 20\_\_ and the Area Development Agreement dated \_\_\_\_\_, 20\_\_.

We will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5, which require except in certain specific cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a general release. The disclosure document, Franchise Agreement and Area Development Agreement are modified accordingly, to the extent required by Minnesota law.

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document, Franchise Agreement or Area Development Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Provisions in the disclosure document, Franchise Agreement and Area Development Agreement limiting your right to file claims, that are inconsistent with Minnesota Statute Sec. 80C.17, Subd. 5, are amended to the minimum extent required by Minnesota law.

Any statements in the disclosure document, Franchise Agreement and Area Development Agreement stating that we are entitled to injunctive relief are amended to read "we may seek injunctive relief." A court will determine if a bond is required.

In accordance with Minnesota Rule 2860.4400J, to the extent required by law, the disclosure document, the Franchise Agreement and Area Development Agreement are modified so that we cannot require you to waive your rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause.

Pursuant to Minn. Stat. Sec. 80C.12, Subd. 1(g), to the extent required by law, the Franchise Agreement and Item 13 of the disclosure document are amended to state that we will protect your right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of our primary trade name.

The FDD Special Risks to Consider About *This* Franchise state cover page is amended to include the following risk factor:

4. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ACKNOWLEDGMENT:

It is agreed that any applicable part of the foregoing state law addendum supersedes any inconsistent portion of the Franchise Agreement dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, the Area Development Agreement dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ and of the franchise disclosure document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

FRANCHISOR:

FRANCHISEE:

KILLER BURGER FRANCHISING, INC.

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

NORTH DAKOTA  
ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT,  
FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT,  
DISCLOSURE QUESTIONNAIRE, AND RELATED AGREEMENTS

The following modifications are to the KILLER BURGER FRANCHISING, INC. Franchise Disclosure Document and may supersede certain portions of the Franchise Agreement dated \_\_\_\_\_, 20\_\_ and the Area Development Agreement dated \_\_\_\_\_, 20\_\_.

Sections of the disclosure document, Franchise Agreement and Area Development Agreement requiring you to consent to the jurisdiction of courts outside of North Dakota or providing for resolution of disputes to be outside North Dakota may not be enforceable under North Dakota law, and are amended accordingly to the minimum extent required by law.

Sections of the Franchise Agreement and Area Development Agreement requiring you to arbitrate or mediate disputes may require you to consent to a waiver of trial by jury. A waiver of trial by jury may not be enforceable under North Dakota law and any such provisions are amended accordingly to the minimum extent required by law.

Sections of the disclosure document, Franchise Agreement and Area Development Agreement relating to choice of law, may not be enforceable under North Dakota law, and are amended accordingly to the minimum extent required by law.

Sections of the disclosure document, Franchise Agreement and Area Development Agreement requiring you to sign a general release upon renewal of the Agreement may not be enforceable North Dakota law, and are amended accordingly to the minimum extent required by law.

Sections of the disclosure document, Franchise Agreement and Area Development Agreement requiring you to consent to termination or liquidated damages may not be enforceable under North Dakota law. The disclosure document, Franchise Agreement and Area Development Agreement are revised to state that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

If the Franchise Agreement or Area Development Agreement contain any provision that allows us to recover liquidated damages or termination payments, and if that provision is held unenforceable by an arbitrator or court of competent jurisdiction or if we waive that provision, then we are permitted instead to recover contractual damages caused by any breach of contract or default by you.

Sections of the Franchise Agreement and Area Development Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under North Dakota law, and any such provisions are amended accordingly to the minimum extent required by law.

Covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that those covenants may be subject to the statute, have been determined to be unfair, unjust, or inequitable in North Dakota. Sections of the disclosure document, Franchise Agreement and Area Development Agreement containing covenants restricting competition to which you must agree may not be enforceable under North Dakota law, and are amended accordingly to the minimum extent required by law.

NORTH DAKOTA

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ACKNOWLEDGMENT:

It is agreed that any applicable part of the foregoing state law addendum supersedes any inconsistent portion of the Franchise Agreement dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, the Area Development Agreement dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ and of the franchise disclosure document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

FRANCHISOR:

FRANCHISEE:

KILLER BURGER FRANCHISING, INC.

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

WASHINGTON  
ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT,  
FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT,  
DISCLOSURE QUESTIONNAIRE, AND RELATED AGREEMENTS

The following modifications are to the KILLER BURGER FRANCHISING, INC. Franchise Disclosure Document and may supersede certain portions of the Franchise Agreement dated \_\_\_\_\_, 20\_\_ and the Area Development Agreement dated \_\_\_\_\_, 20\_\_.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

WASHINGTON

The FDD Special Risks to Consider About *This* Franchise state cover page is amended to include the following risk factor:

4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Area Development Agreement, the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ACKNOWLEDGMENT:

It is agreed that any applicable part of the foregoing state law addendum supersedes any inconsistent portion of the Franchise Agreement dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, the Area Development Agreement dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ and of the franchise disclosure document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

FRANCHISOR:

FRANCHISEE:

KILLER BURGER FRANCHISING, INC.

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT H TO FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF CURRENT FRANCHISEES**

**KILLER BURGER FRANCHISEES  
as of December 31,**

**~~2022~~2023 OPEN AND**

**OPERATING**

<b>Franchisee Name</b>	<b>Franchised Location</b>	<b>Phone Number</b>
<del>Wescor, Inc.</del> <u>FG Restaurants LLC</u>	14682 SE Sunnyside Road Happy Valley, OR 97015	<del>503-855-3444</del> <u>971-278-4139</u>
SKL Enterprises, LLC	616 NE 81st Street, Suite F Vancouver, WA 98665	360-258-1151
Team James, LLC	2905 SW Cedar Hills Blvd., #105 Beaverton, OR 97005	503-747-3069
Wescor, Inc.	85 W. Prairie Shopping Center Hayden, ID, 83835	<del>503-855-3444</del> <u>503-679-4752</u>
Team James, LLC	9 Centerpointe Drive, Suite C Lake Oswego, OR 97035	503-747-3069
SKL Enterprises, LLC	14321 NE Fourth Plain Blvd., Suite #102 Vancouver, WA 98682	360-258-1151
JPS#4 LLC	30020 SW Boones Ferry Road, Suite 10-12 Wilsonville, OR 97070	951-310-4732
<u>Team James, LLC</u>	<u>298 Coburg Road, Suite A Eugene, OR 97401</u>	<u>503-747-3069</u>
<u>Cascade KB, LLC</u>	<u>Kuebler Gateway 2540 Kuebler Road, Suite 150 Salem, OR 97306</u>	<u>253-797-9121</u>
<u>JPS #5 LLC</u>	<u>Cascade Summit Town Center 21500 Salamo Road, Unit 21500 West Linn, OR 97068</u>	<u>951-310-4732</u>
<u>SKL Vancouver LLC</u>	<u>SE 164th Avenue, Vancouver, WA 98683</u>	<u>360-258-1151</u>
<u>Wescor, Inc.</u>	<u>15705 E. Broadway Spokane Valley, WA 99037</u>	<u>503-679-4752</u>
<u>KB Medford LLC</u>	<u>7 Rossanley Drive, B6 Medford, OR 97501</u>	<u>503-290-9484</u>

**FRANCHISEES THAT SIGNED A FRANCHISE AGREEMENT  
BUT WERE NOT OPEN AND OPERATING  
as of December 31, ~~2022~~2023**

<b>Franchisee Name</b>	<b>Franchised Location</b>	<b>Phone Number</b>
<del>Team James, LLC</del>	<del>298 Coburg Road, Suite A Eugene, OR 97401</del>	<del>503-747-3069</del>
<del>Cascade KB, LLC</del>	<del>Kuebler Gateway 2540 Kuebler Road, Suite 150 Salem, OR 97306</del>	<del>253-797-9121</del>
<del>Phat Penguin LLC</del>	<del>Maple Valley, WA</del>	<del>206-383-3390</del>

NONE.

**EXHIBIT I TO FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF CERTAIN FORMER FRANCHISEES**

**FORMER KILLER BURGER FRANCHISEES**  
as of December 31, ~~2022~~2023

~~THE FOLLOWING FRANCHISEES: (A) SOLD THEIR OUTLET TO ANOTHER FRANCHISEE, HAD AN OUTLET TERMINATED, CANCELED, NOT RENEWED, OR OTHERWISE VOLUNTARILY OR INVOLUNTARILY CEASED TO DO BUSINESS UNDER THE FRANCHISE AGREEMENT DURING THE MOST RECENTLY COMPLETED FISCAL YEAR, OR (B) HAVE NOT COMMUNICATED WITH US WITHIN 10 WEEKS OF THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT:~~

~~NONE~~

~~THE FOLLOWING FRANCHISEES SIGNED A FRANCHISE AGREEMENT BUT NEVER OPENED FOR BUSINESS AND THE FRANCHISE AGREEMENT WAS TERMINATED:~~

~~NONE~~

The name, city and state, and current business telephone number (or if unknown, the last known home telephone number) of each franchisee who had an outlet terminated, canceled, not renewed, transferred, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document, is listed below. The states listed below in which these former franchisees may be contacted are not necessarily the same states in which the former franchisee's franchised businesses were located. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

<u>Franchisee Name</u>	<u>City</u>	<u>State</u>	<u>Zip Code</u>	<u>Phone Number</u>	<u>Reason</u>
<u>Wescor, Inc.*</u>	<u>Happy Valley</u>	<u>OR</u>	<u>97015</u>	<u>503-855-3444</u>	<u>Transferred</u>
<u>Phat Penguin LLC</u>	<u>Maple Valley</u>	<u>WA</u>	<u>98038</u>	<u>206-383-3390</u>	<u>Signed a franchise agreement but never opened for business and the franchise agreement was terminated</u>

\* Indicates a franchisee who remains in the system with other Restaurants.

**EXHIBIT J TO FRANCHISE DISCLOSURE DOCUMENT**  
**AREA DEVELOPMENT AGREEMENT**

## KILLER BURGER

### AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (“ADA”) is entered into as of the date set forth on Schedule “A” of this ADA (the “Effective Date”), which is incorporated by reference into this ADA, by and between KILLER BURGER FRANCHISING, INC., an Oregon corporation (“Franchisor”) and the person(s) or legal entity identified on Schedule A as the franchisee (“Franchisee”). For convenience in this ADA, “we,” “us,” and “our” refers to Franchisor and “you” and “your” refers to Franchisee.

#### WHEREAS:

1. The parties have entered into a franchise agreement dated the same date as this ADA (the “Primary FA”) for the right to develop one Killer Burger restaurant (a “Restaurant”); and
2. You desire to expand your development rights by securing an exclusive geographic development area within which you agree to open and operate a defined number of additional Restaurants within a specified period of time, all as defined and stated in Schedule “A,” and we agree to grant you a license for such rights, subject to the terms and conditions contained in this ADA.

**NOW, THEREFORE**, in consideration of the foregoing and the payment of the Development Fee (defined below), the parties hereby agree as follows:

1. Grant of Area Development License – We agree to grant to you, and you agree to accept and develop, a license to open and operate the number of Restaurants in the geographic Development Area within the Development Schedule, all as defined and specified in Schedule “A.” You agree to execute our then-current franchise agreement for each Restaurant no later than 180 days prior to its opening. Except for the development license granted herein, this ADA grants you no additional rights and you acknowledge that any and all other rights are granted by the applicable Killer Burger franchise agreement.
2. Development Fee – Simultaneously with the execution of this ADA, you agree to pay us a fee in the amount indicated on Schedule “A,” which is \$10,000 multiplied by the number of Restaurants (excluding the first Restaurant) you commit to develop under this ADA (the “Development Fee”). We will credit \$10,000 of the Development Fee against the initial franchise fee due for the second and each subsequent franchise agreement signed pursuant to this ADA until the Development Fee is exhausted. The Development Fee is fully earned by us and non-refundable even if you do not achieve the Development Schedule or otherwise commit a default under this ADA.
3. Development Area – Provided that this ADA is in force and effect and that you perform according to the Development Schedule of Schedule “A,” we will not open and operate or license any third party to open and operate a Restaurant within the geographic Development Area that is defined in Schedule “A” by zip codes, map depictions, governmental boundaries, street, man-made and natural markers or compass-point directions. You acknowledge, however, that we retain all other development rights for the Development Area including those that are contained in Section II.C. of your Primary FA.
4. Development Schedule – Schedule “A” contains a table stating the specified number of Restaurants that you must have open and in operation by the corresponding specified Opening Dates over a defined period of time. A then-current form of our franchise agreement must be executed by the parties no later than 180 days prior to the applicable Opening Date for each Restaurant. If an open Restaurant

subsequently is closed and is not re-opened according to the terms and conditions of its franchise agreement, it will constitute an event of default under this ADA.

5. Principal Operator – You must designate upon the execution of this ADA, and agree to retain at all times during the term of this ADA, an individual to serve as your Principal Operator. The Principal Operator must meet our qualifications and must be approved by us. Your Principal Operator must devote full time and best efforts to supervise the development and operation of Killer Burger Restaurants operated under this ADA. Without our written consent, your Principal Operator shall not engage in any business other than the supervision, development and operation of Killer Burger Restaurants. Your Principal Operator must be empowered with full authority to act for you.

6. Term and Termination – The term of this ADA (the “Term”) shall commence upon the Effective Date set forth in Schedule “A” and expire upon the earlier to occur of: (i) the Expiration Date of the ADA as set forth in Schedule “A” or (ii) the termination of this ADA pursuant to this Section 6. If any Event of Default as described below occurs, we will have the sole right in our discretion to immediately terminate this ADA and all rights granted under it. Upon the termination, you shall have no further rights under this Agreement but you will not be relieved or released from any existing or pending debts, obligations or liabilities that have accrued prior to the termination. We will not refund the Development Fee. You will continue to own and operate the Restaurants you have developed under this ADA and their respective franchise agreements. The following constitute Events of Default:

- a) You fail to fully comply with any term, provision or requirement of this ADA;
- b) You fail to pay the Development Fee or to execute any then-current franchise agreement for any Restaurant prior to its Opening Date deadline;
- c) An event of default occurs under any franchise agreement that results in the termination of that franchise agreement for any Restaurant under this ADA;
- d) You breach the Development Schedule by failing to open the minimum number of Restaurants within the Development Area by the applicable Opening Dates contained on Schedule “A.”

Upon the expiration or termination of this ADA: (i) all of your development rights shall terminate and you shall have no further right to develop any Restaurant other for any Restaurant(s) for which you and we had entered into a valid franchise agreement prior to the expiration or termination effective date; (ii) all territorial rights and protections associated with your Development Area shall immediately terminate; and (iii) we shall have the unrestricted rights to develop and operate, and/or grants rights to any third party to develop and operate, Killer Burger restaurants from any location within the Development Area except as otherwise prohibited by any valid franchise agreement entered into between you and us.

7. Restrictive Covenants – In consideration of the rights you have been granted under this ADA, you agree and acknowledge that you will be bound by all of the in-term and post-term restrictive covenants that are contained in your Primary FA, which are hereby incorporated by reference into this ADA, including but not limited to those contained in Section X Marks, Section XI Confidentiality and Non-Competition, and Section XIX.A. Post-Term Obligations.

8. Assignment – This ADA has been granted to you based upon your personal attributes, qualifications and experience and therefore may not be assigned, transferred or given away by you to any third party, either voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, without our prior written approval that we may exercise in our sole discretion and without the exercise of

our Right of First Refusal as outlined in your Primary FA. We have the right to assign this ADA or any interest in it to a third party without notice or restriction.

9. Guaranty - All owners, or the shareholders, partners, members or equity interest holders of you if Franchisee is a legal entity, together with their respective spouses or legal domestic partners, must sign a personal guaranty which is designed to ensure the timely payment and performance of all of the obligations contained in this ADA. The parties agree that the Guaranty signed by the Franchisee for their Primary FA shall also constitute and be binding as the Guaranty for this ADA, and is incorporated herein by reference as if fully stated herein.

10. Incorporation of Other Terms – The following provisions of your Primary FA are hereby incorporated by reference into this ADA and are binding upon the parties as if fully set forth below: Section XI (Confidentiality and Non-Competition), Section XVI (Indemnification) and Section XX (Miscellaneous).

**IN WITNESS WHEREOF**, each of the parties has executed this ADA as of the Effective Date.

FRANCHISOR:

FRANCHISEE:

KILLER BURGER FRANCHISING, INC.

Entity Name: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

If Individuals:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

SCHEDULE "A"  
TO THE  
AREA DEVELOPMENT AGREEMENT

1. Effective Date of the ADA: \_\_\_\_\_
2. Termination Date of the ADA: \_\_\_\_\_
3. Franchisee's Name(s): \_\_\_\_\_
4. Development Fee: \$\_\_\_\_\_
5. Development Area description and attached map as Exhibit 1:  
\_\_\_\_\_  
\_\_\_\_\_
6. Development Schedule: Franchisee agrees to open and continuously operate a total of \_\_\_\_\_ Restaurants within the Development Area during the Term of this ADA according to the following Schedule:

<u>Number of Restaurants</u>	<u>Opening Deadline</u>
1. _____	1. _____, 20__
2. _____	2. _____, 20__
3. _____	3. _____, 20__
4. _____	4. _____, 20__
5. _____	5. _____, 20__
6. _____	6. _____, 20__
7. _____	7. _____, 20__
8. _____	8. _____, 20__
9. _____	9. _____, 20__
10. _____	10. _____, 20__

7. Your Principal Operator is:

**EXHIBIT K TO FRANCHISE DISCLOSURE DOCUMENT**

**STATE EFFECTIVE DATES**

### **State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
Minnesota	Pending
North Dakota	Pending
South Dakota	Pending
Washington	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT L TO FRANCHISE DISCLOSURE DOCUMENT**

**RECEIPT PAGES**

**RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Killer Burger Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days (or sooner if required by applicable state law) before you sign a binding agreement with, or make a payment to, Killer Burger Franchising, Inc. or an affiliate in connection with the proposed franchise sale.

If Killer Burger Franchising, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency identified in Exhibit D to this disclosure document.

The following are our employed franchise sellers:

Name	Principal Business Address	Telephone Number
Iannis (John) Dikos	11010 SE Division Street, Suite 101, Portland, OR 97266	503-954-3100

The Issuance Date of this disclosure document is ~~August 7~~June 17, 2023~~2024~~.

Our registered agents authorized to receive service of process are identified in Exhibit D.

I received a Disclosure Document dated ~~August 7~~June 17, 2023~~2024~~, that included the following Exhibits:

- Exhibit A – Franchise Agreement
- Exhibit B – Toast Software Agreement
- Exhibit C – Table of Contents of Confidential Operations Manual
- Exhibit D – List of State Administrators and Agents for Service of Process
- Exhibit E – Financial Statements
- Exhibit F – General Release
- Exhibit G – State Specific Addenda
- Exhibit H – List of Current Franchisees
- Exhibit I – List of Former Franchisees
- Exhibit J – Area Development Agreement
- Exhibit K – State Effective Dates
- Exhibit L – Receipts

\_\_\_\_\_  
Date

\_\_\_\_\_  
Prospective Franchisee  
individually and/or as an officer/  
partner/member of  
Name \_\_\_\_\_  
a \_\_\_\_\_ corporation/partnership/LLC.

**[Sign, date and retain this copy for your records]**

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\_\_\_\_\_  
Date

\_\_\_\_\_  
Prospective Franchisee  
individually and/or as an officer/  
partner/member of  
Name \_\_\_\_\_  
a \_\_\_\_\_ corporation/partnership/LLC.

**[Sign, date and return this page to Killer Burger Franchising, Inc.]**